


# ALMA MEDIA - ADDING SERVICE INTO MEDIA BUSINESS

Alma Media Corporation  
Investor Relations information package  
July 2015

Living  
Information

21.8.2015

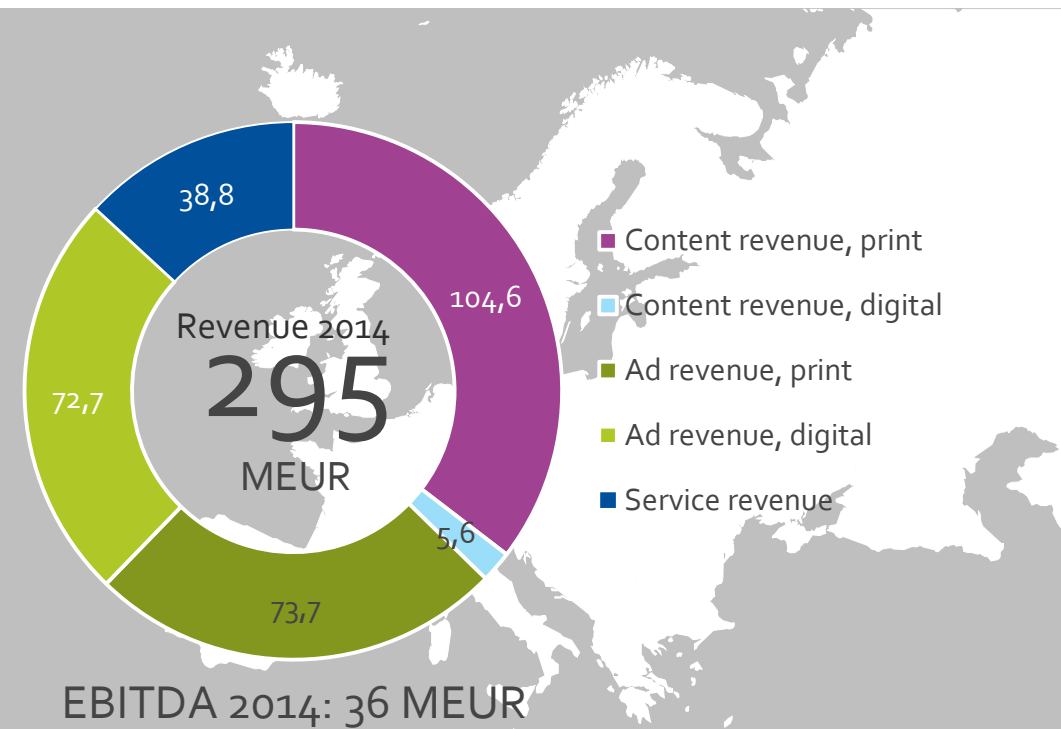
The background of the slide is a deep blue with intricate, glowing light patterns that resemble water ripples or abstract digital flows. The light is brighter in the upper left and center, fading towards the bottom and right.

# INTRODUCTION TO ALMA MEDIA

Structure of business, geographies, ownership

# This is Alma Media

- A media and digital services group operating in 10 European countries
- 1,700 full-time employees working for some of the leading media and services brands
- Growing in digital media and services business since mid-1990's (2014: 33 % of total revenue)



# Alma Media as an investment

Successful transformation from print based to service based media business

1

## Digital strategy

Alma Media has invested in digital media and services since mid-1990's. Successful expansion of digital career services into Central Europe 2012-2014.

2

## Strong brands

Leading media and service brands across Finland and main Eastern Central Europe. Strong market position in most countries.

3

## Growth and value

Long-term financial targets include ambitious digital growth and healthy dividend yield.



President and CEO  
Kai Telanne

# Alma Media's reporting segments

### DIGITAL CONSUMERS SERVICES

REVENUE 55.8  
EBITDA 14.8 (26.7 %)  
EBIT 9.2 (16.4 %)  
(2014, MEUR)

100 % DIGITAL

### FINANCIAL MEDIA AND BUSINESS SERVICES

REVENUE 56.8  
EBITDA 7.1 (13.4 %)  
EBIT 7.8 (13.8 %)  
(2014, MEUR)

43 % DIGITAL

### NATIONAL CONSUMER MEDIA

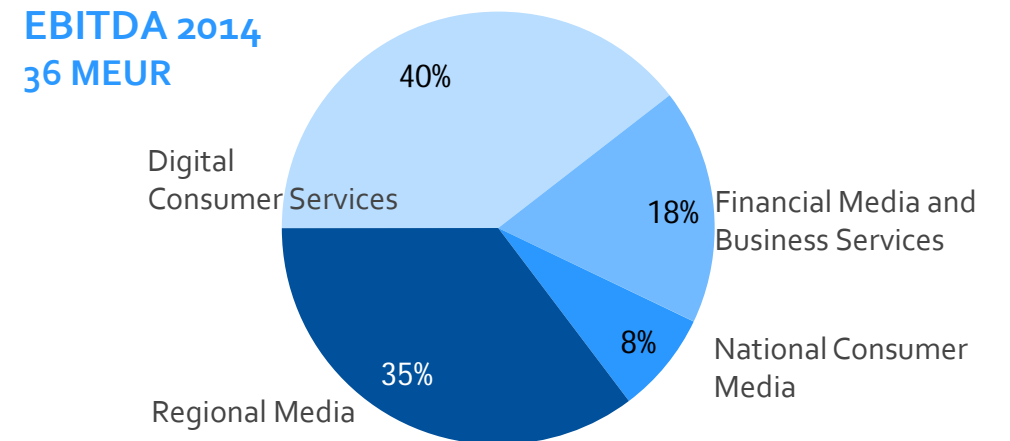
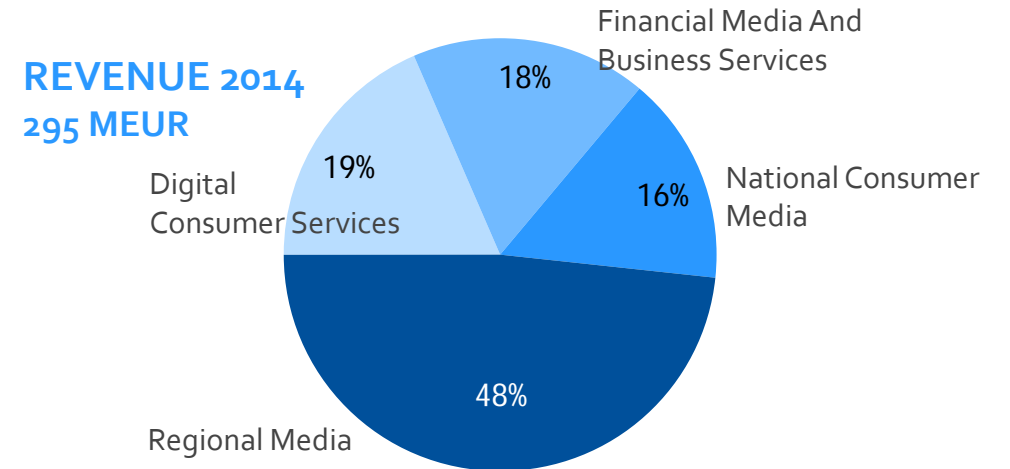
REVENUE 46.9  
EBITDA 3.8 (8.1 %)  
EBIT 3.7 (7.8 %)  
(2014, MEUR)

27 % DIGITAL

### REGIONAL MEDIA

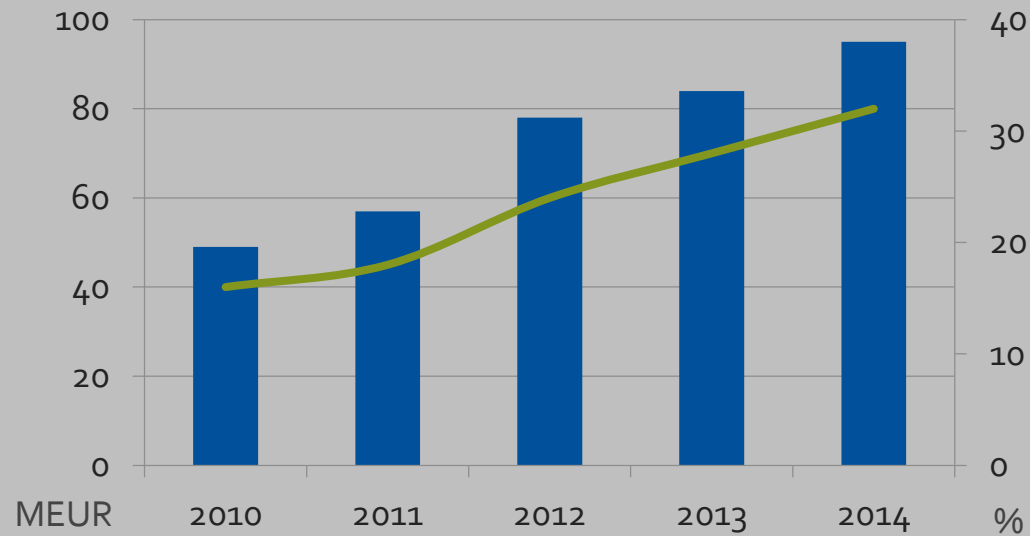
REVENUE 145.2  
EBITDA 14.7 (10.1 %)  
EBIT 9.6 (6.6 %)  
(2014, MEUR)

2.6 % DIGITAL



# Sizeable and growing digital business

Digital revenue and it's share of total sales



# Top-of-mind brands across Europe

### Wide media and service offering

Alma Media's strong brands offer both local and national media content in Finland, and various online services across in Finland and in Eastern Central Europe.

Operations outside of Finland are focused on digital recruitment services.





## Long-term financial targets

### Balancing investments, debt repayment and shareholder return

Alma Media's long-term financial targets reflect the focus areas of the company's strategy and business development.

Long-term financial targets will be reached

- by developing the digital media and services business and
- by improving the quality and efficiency of the publishing operations.

To support growth, Alma Media aims to optimally balance investments, debt repayment and shareholder return.

Digital business growth pa.

**15 %**

Return on investment

**15 %**

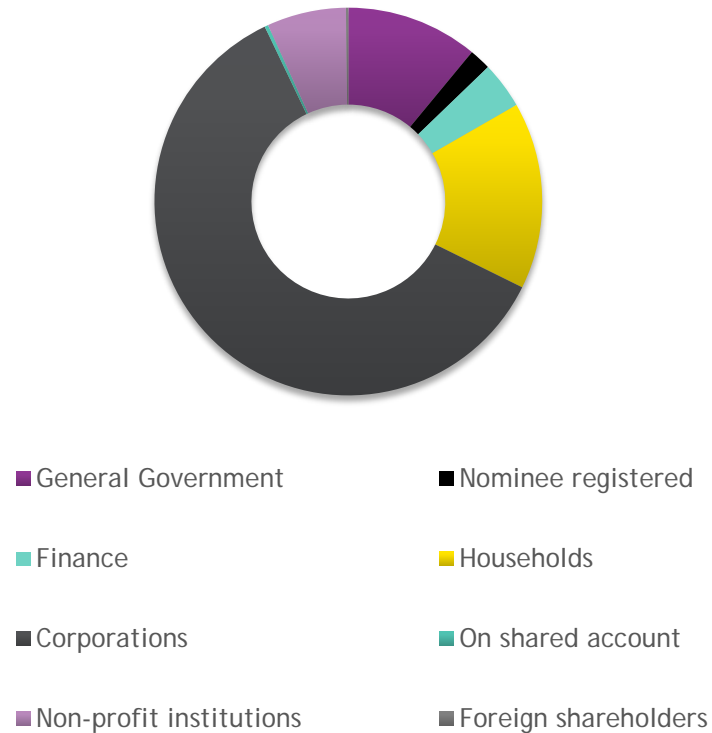
Dividend pay-out ratio

**50 %**



# Ownership structure

## Shareholders by sector



## Largest shareholders (June 30<sup>th</sup> 2015)

1.	Ilkka-Yhtymä Oyj	29.79 %
2.	Mariatorp Oy	16.03 %
3.	Kaleva Kustannus Oy	7.95 %
4.	Varma Mutual Pension Insurance Company	7.06 %
5.	C.V.Åkerlund foundation	4.53 %
6.	Elo Pension Company	2.45 %
7.	Herttaässä Oy Ab	2.16 %
8.	Kaleva Mutual Insurance Company	2.08 %
9.	Ilmarinen Mutual Pension Insurance Company	1.46 %
10.	Nordea Nordic Small cap	1.35 %

Listed in Nasdaq OMX Helsinki (ALN1V).  
Please see [www.almamedia.com/investors](http://www.almamedia.com/investors)  
for more information.

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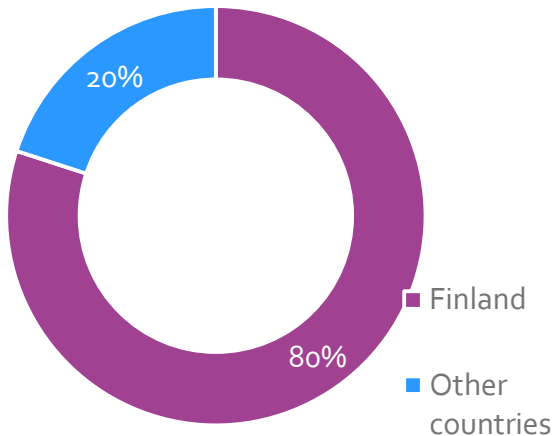
# MARKETS

Revenue sources and the development of main markets

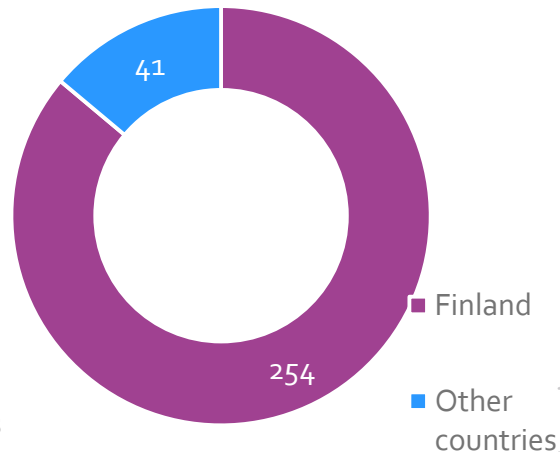
# Operations across Europe

- Based in Finland, Alma Media has operations in 10 countries across Northern and Eastern Central Europe.
- Operations outside Finland focused on career services. In Sweden Alma Media has an office space marketplace.

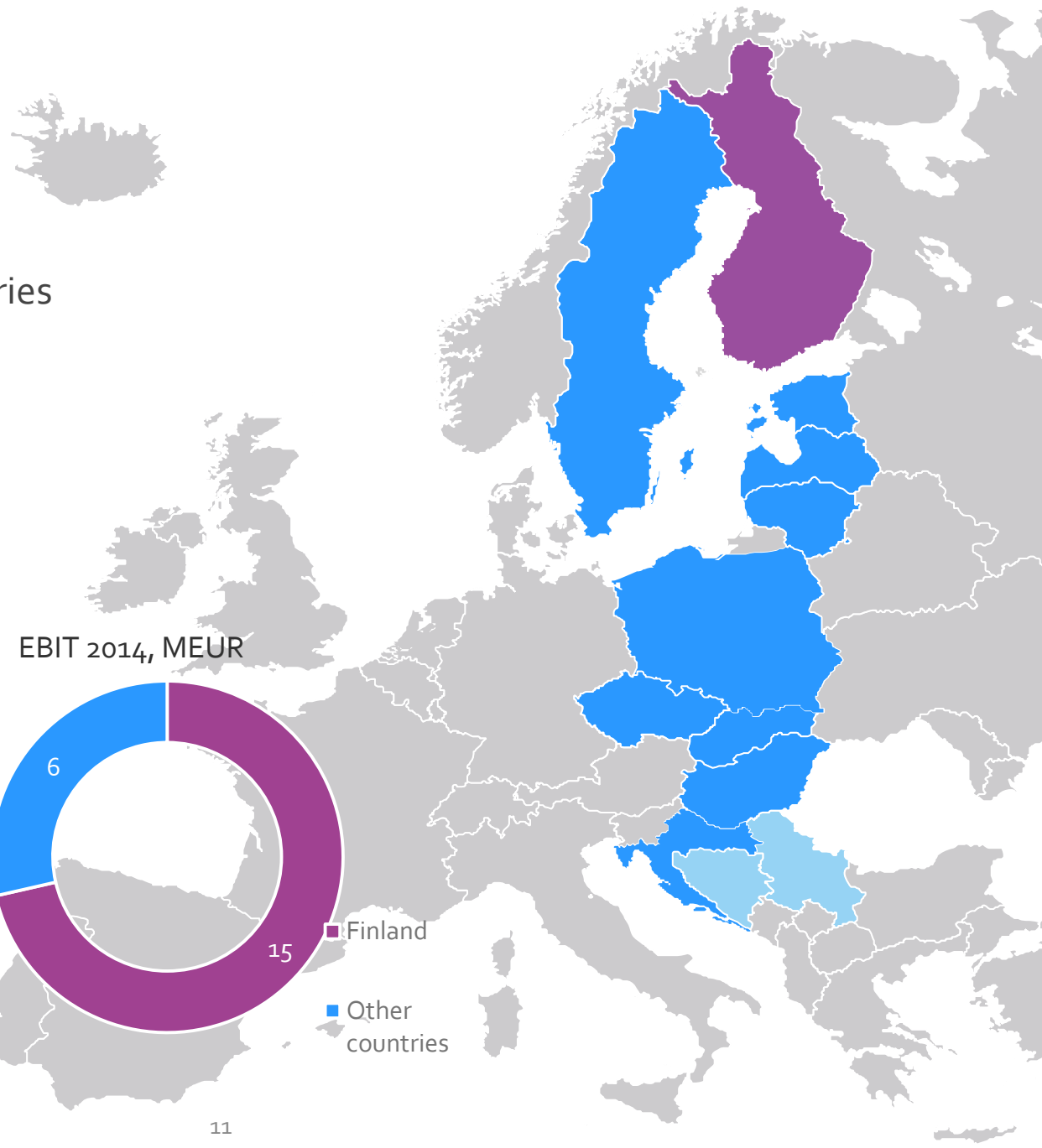
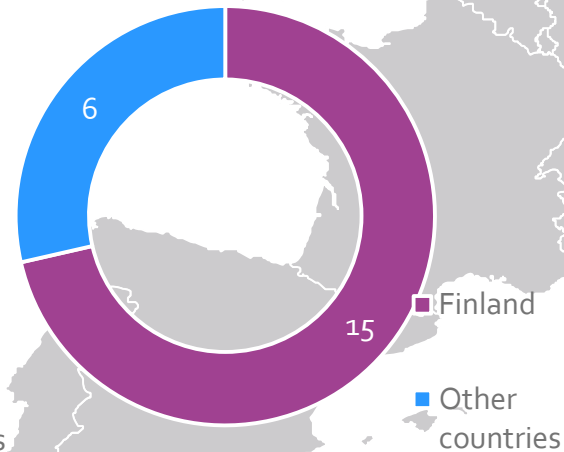
Personnel 2014, %



Revenue 2014, MEUR



EBIT 2014, MEUR





## Main geographical markets

### Finland

- Population 5.4 million
- GDP growth rate 0-1 % (2015E)
- About 97 % have access to internet
- *Alma: online and print media, digital services*

### Estonia, Latvia and Lithuania

- Population more than 7 million
- GDP growth rate 2 to 3 % (2015E)
- About 70 % have access to internet
- *Alma: online recruitment services*

### Czech Republic and Slovakia

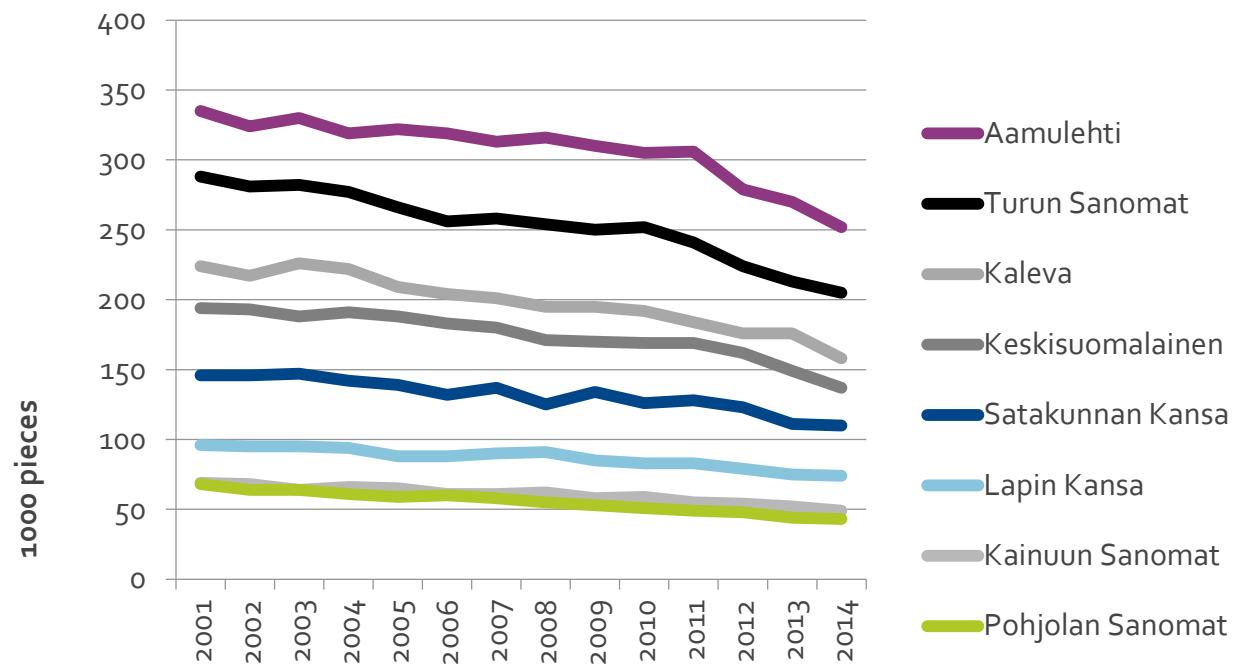
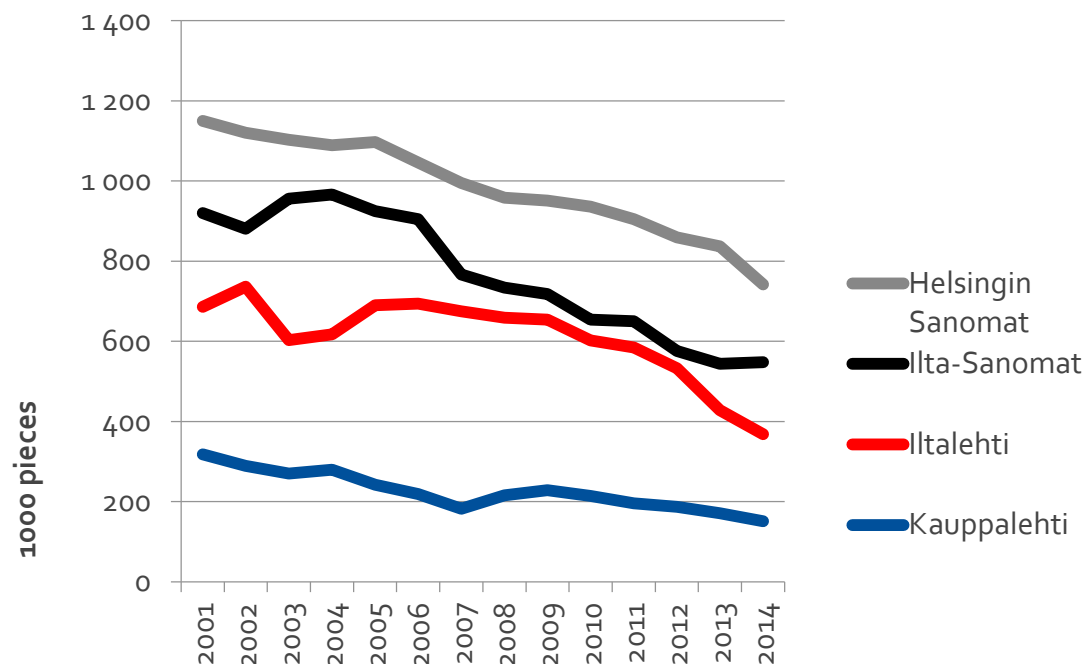
- Population more than 15 million
- GDP growth rate 2.5 to 3 % (2015E)
- About 80 % have access to internet
- *Alma: online recruitment services*

A photograph of a person's hands holding a smartphone horizontally, with the screen glowing white. The background is dark and out of focus, showing bokeh light effects from distant lights. The text 'MARKETS: DEVELOPMENT IN FINLAND' is overlaid on the left side of the image.

# MARKETS: DEVELOPMENT IN FINLAND

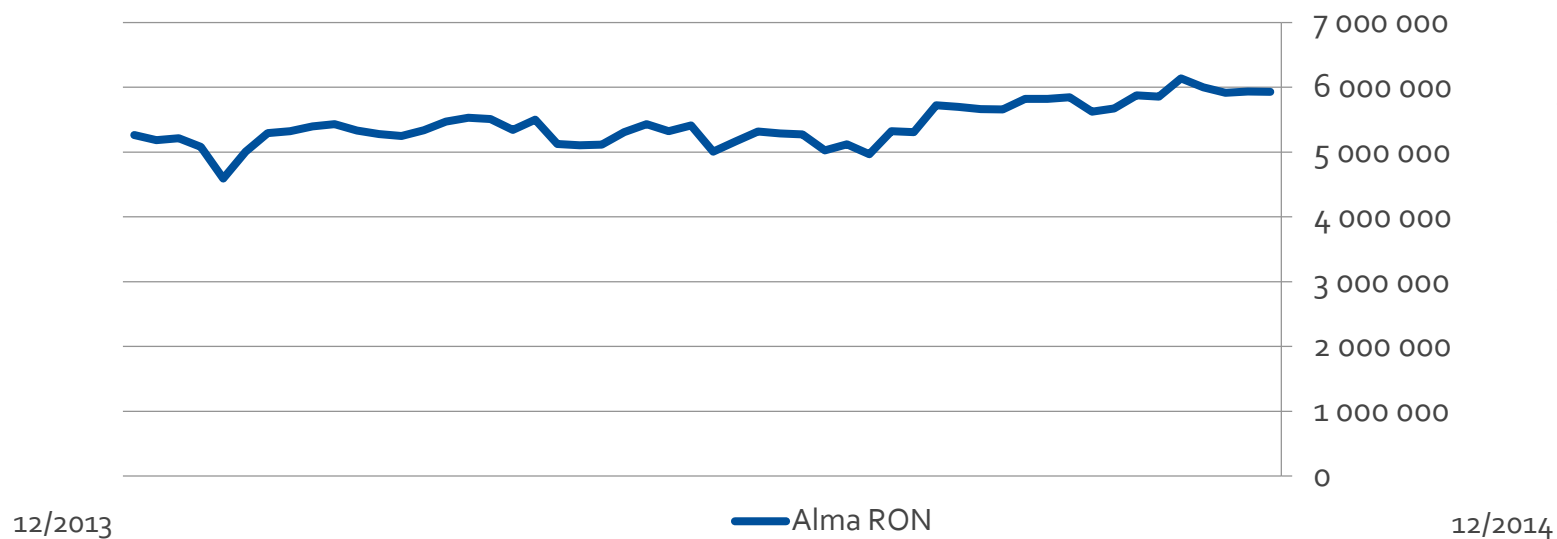


# Finnish media usage: print readership in decline



# Finnish media usage: online readership keeps growing

Weekly browser visits to Alma Media's online network



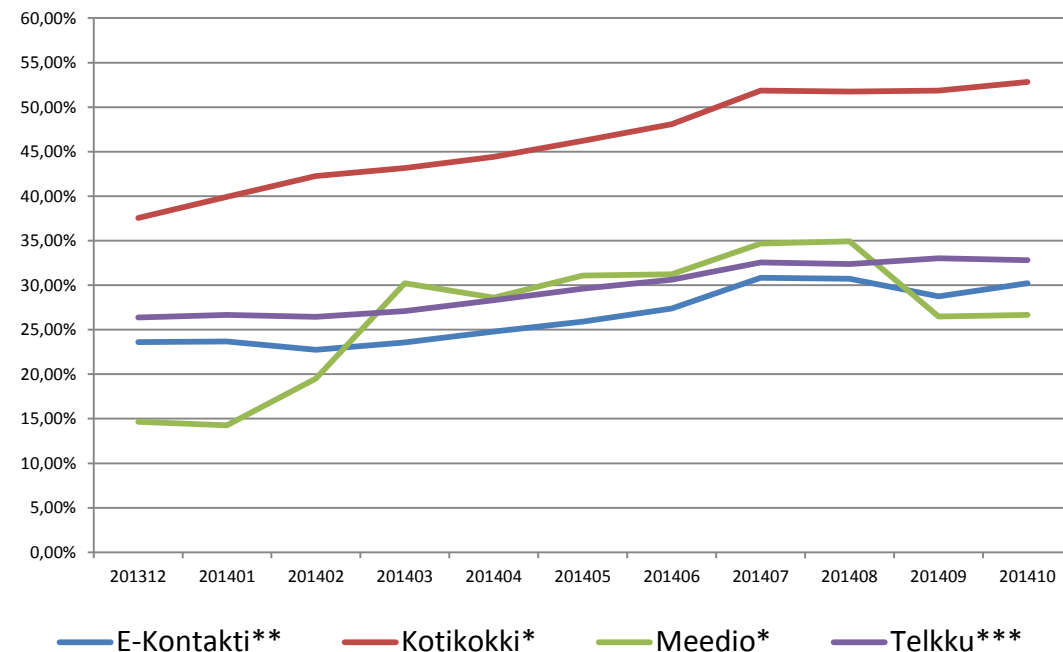
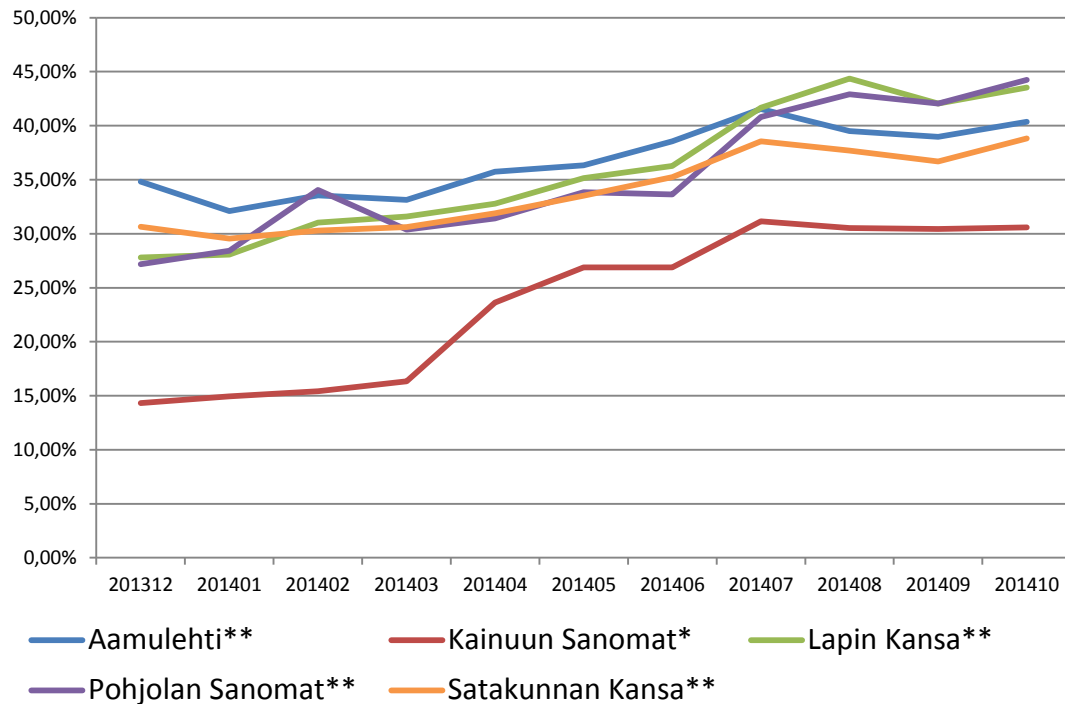
## Alma Media RON

- A network of Alma Media's main media and service sites.
- Weekly reach 2.3 million users.
- Current market position in Finland #2.



# Finnish media usage: mobile usage growing fastest

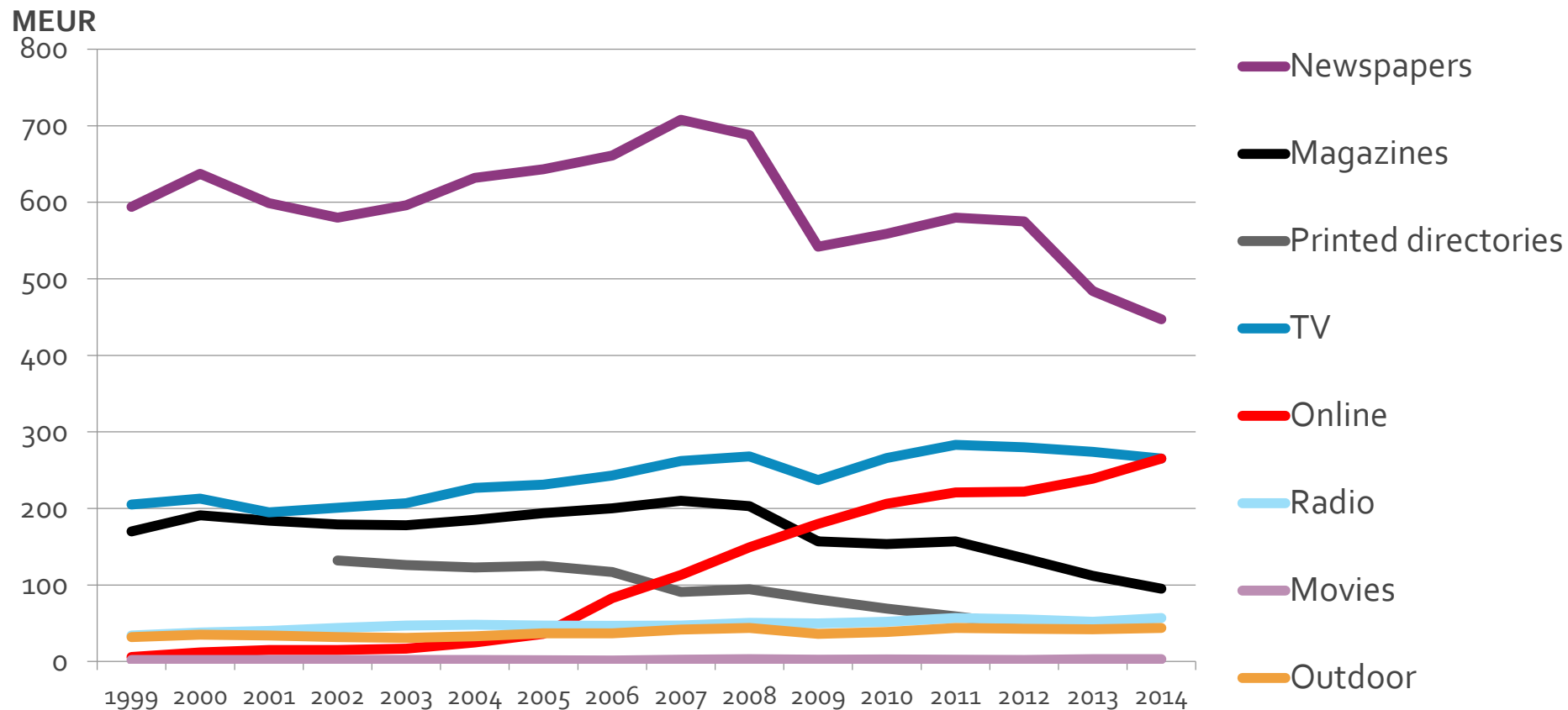
Share of mobile visitors to Alma Media's news sites and services



Source: Google Analytics and TNS Metrix

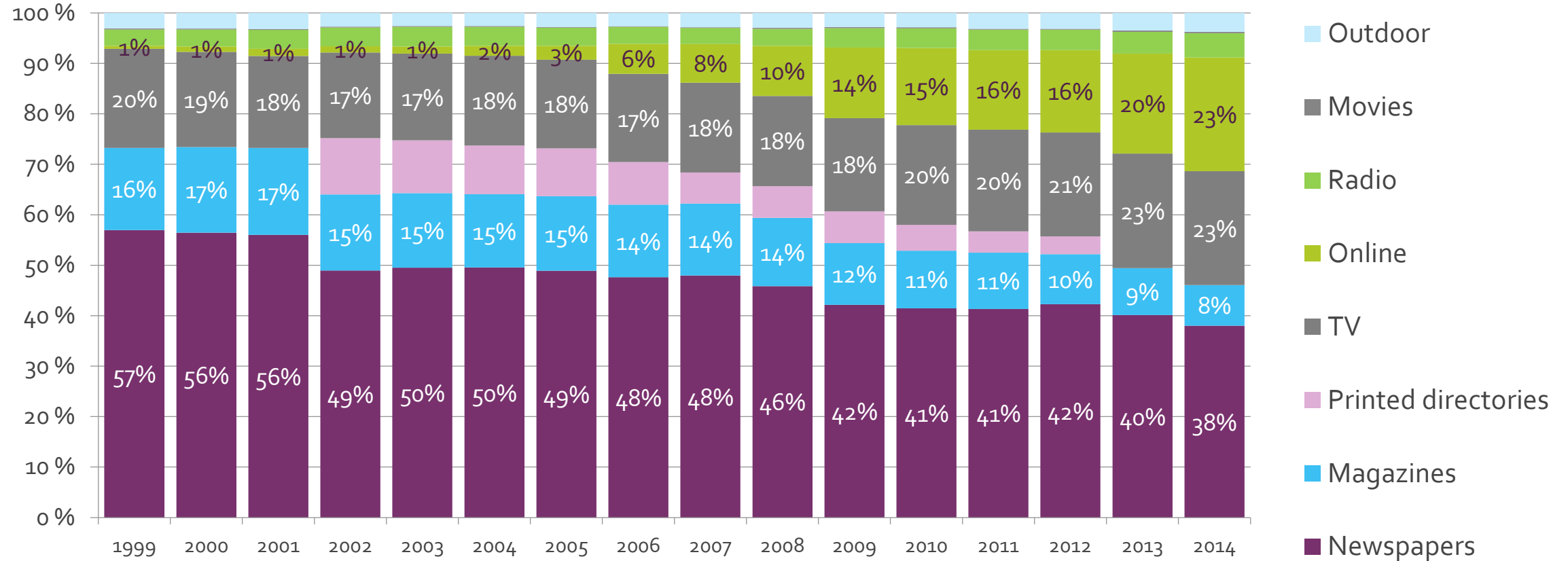
# Finland: Advertising spend by media\*

## 1999-2014

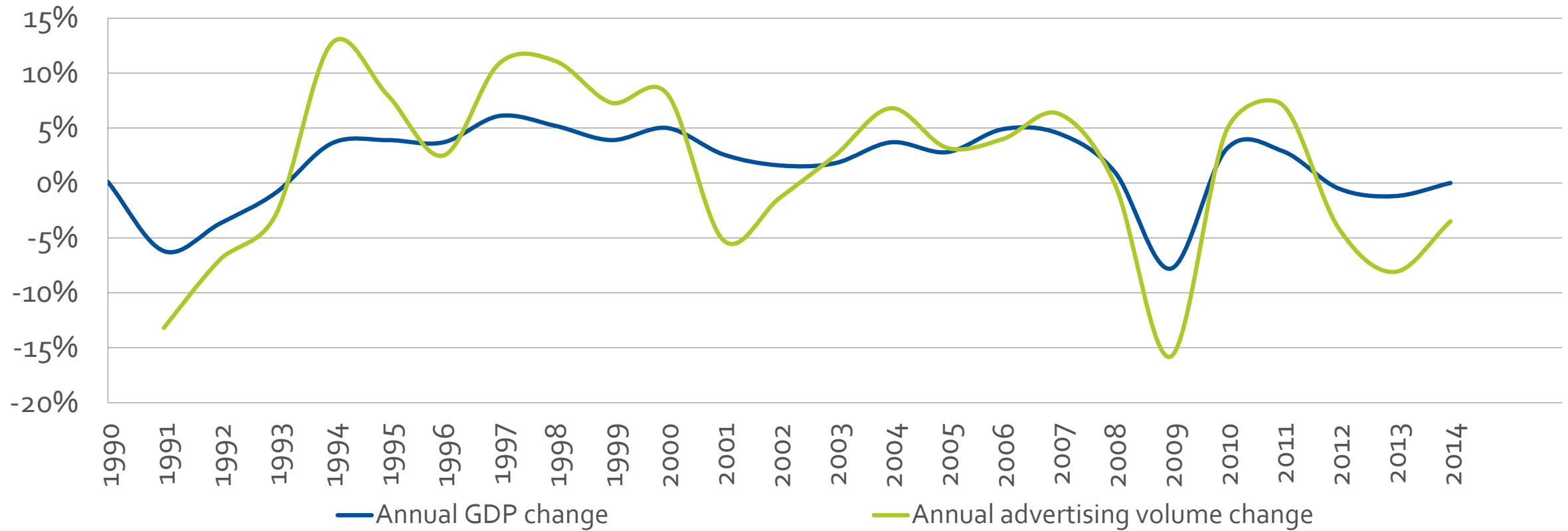


\*Excluding Google, FB

# Finland: Advertising spend by media, %

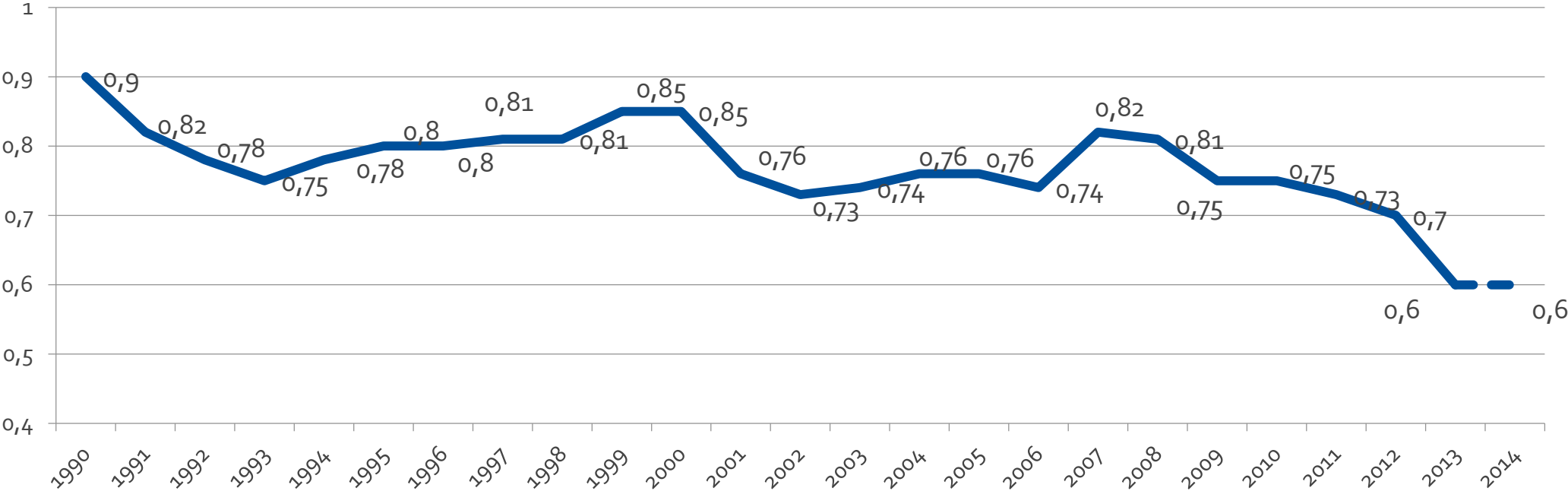


# Finland: advertising volumes follow GDP closely



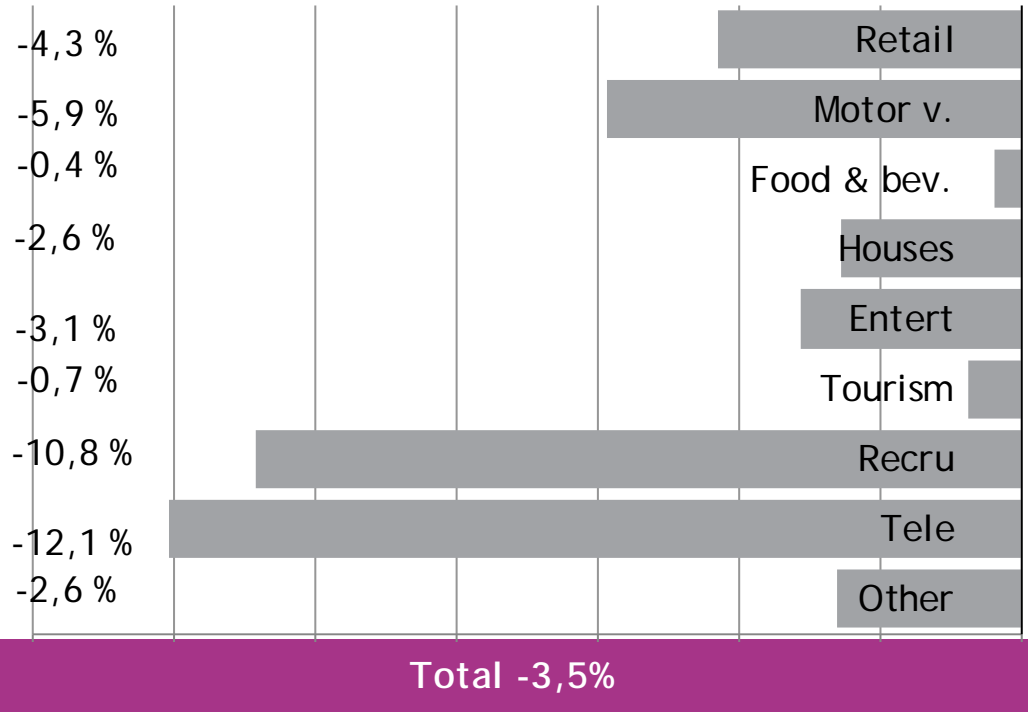
Sources: Statistics Finland, Finnish Advertising Council, TNS

# Finland: advertising / GDP



# Finland: advertising market in decline across almost all industries

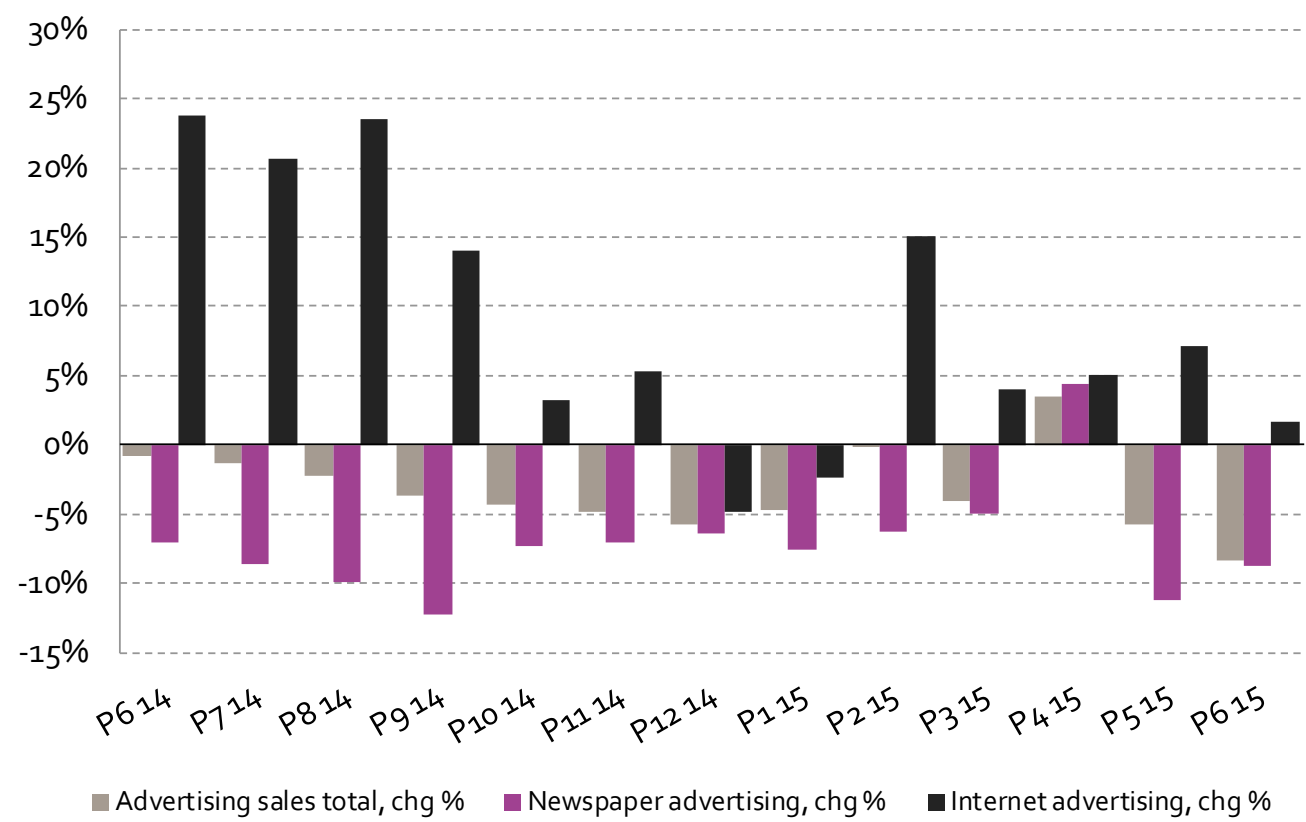
Total market, change from Q1-Q4 2013



Advertising in Q1-Q4 14	MEUR
Retail	228
Motor vehicles	89
Food & beverages	88
Houses and premises	45
Entertainment	43
Tourism and traffic	41
Recruiting	30
Telecommunications	21
Other	387
<b>Total</b>	<b>970</b>

Source: TNS Media Intelligence

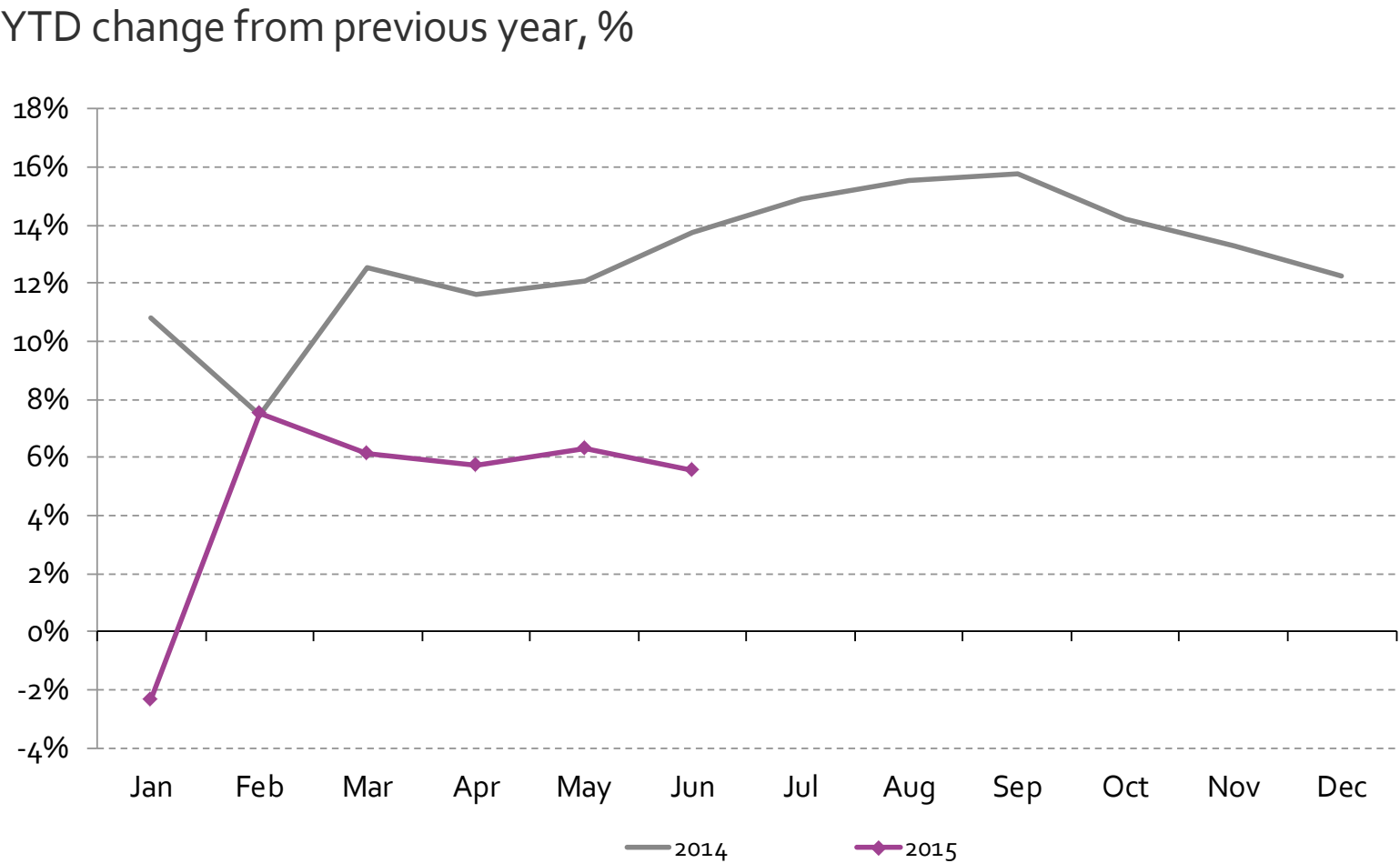
# Change in advertising 6/2014 – 6/2015



Source: TNS Media Intelligence



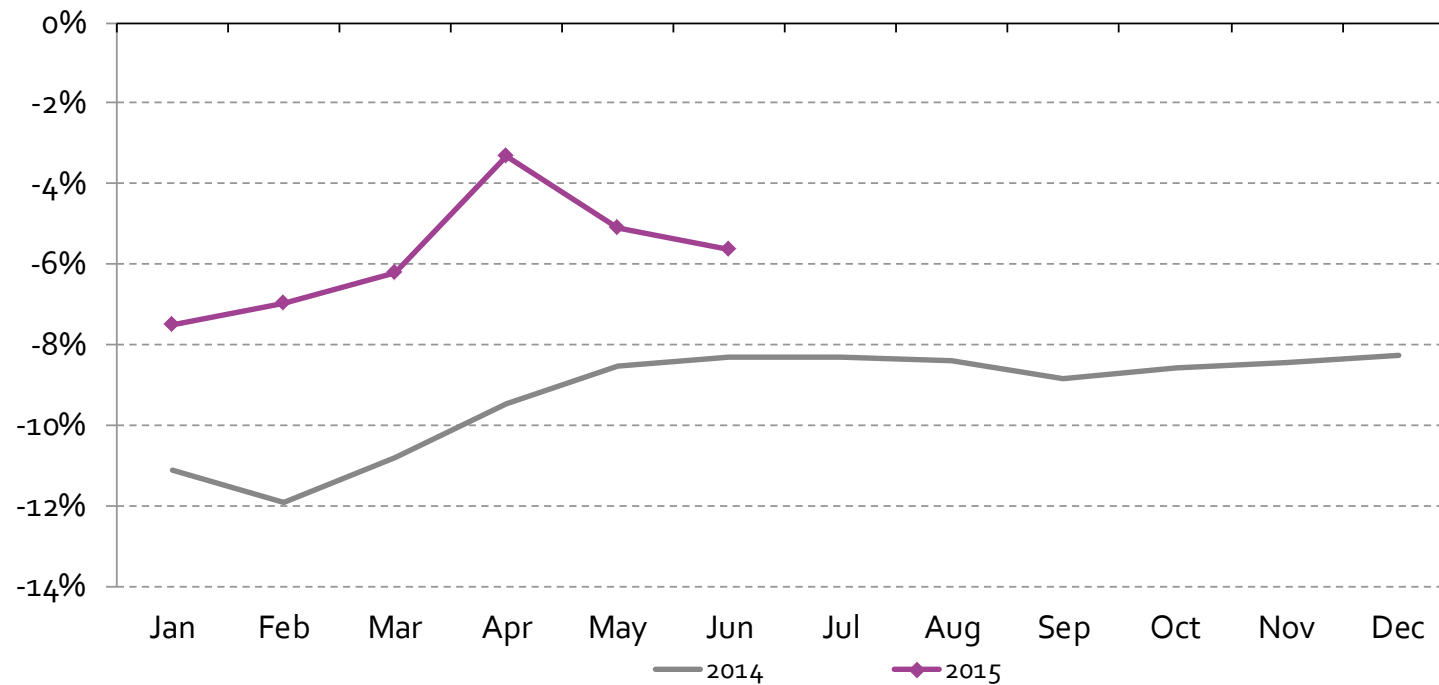
# Online advertising grew, but less than in 2014



Source: TNS Media Intelligence

# The decline in newspaper\* advertising became steeper in May–June 2015

YTD change from previous year, %

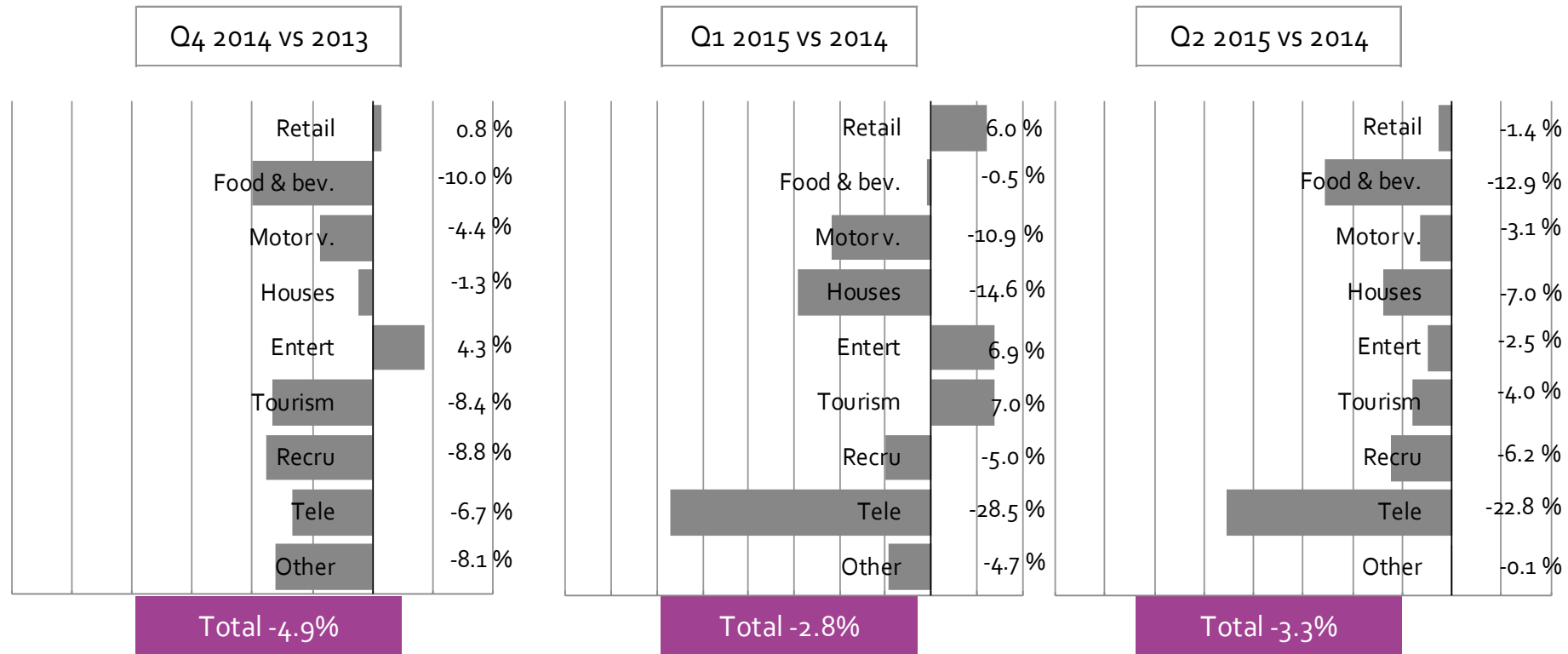


Source: TNS Media Intelligence

\* Newspapers, local and free issue papers

# Advertising turned to a decline in Q2/2015 across all segments

Total market, change from previous year

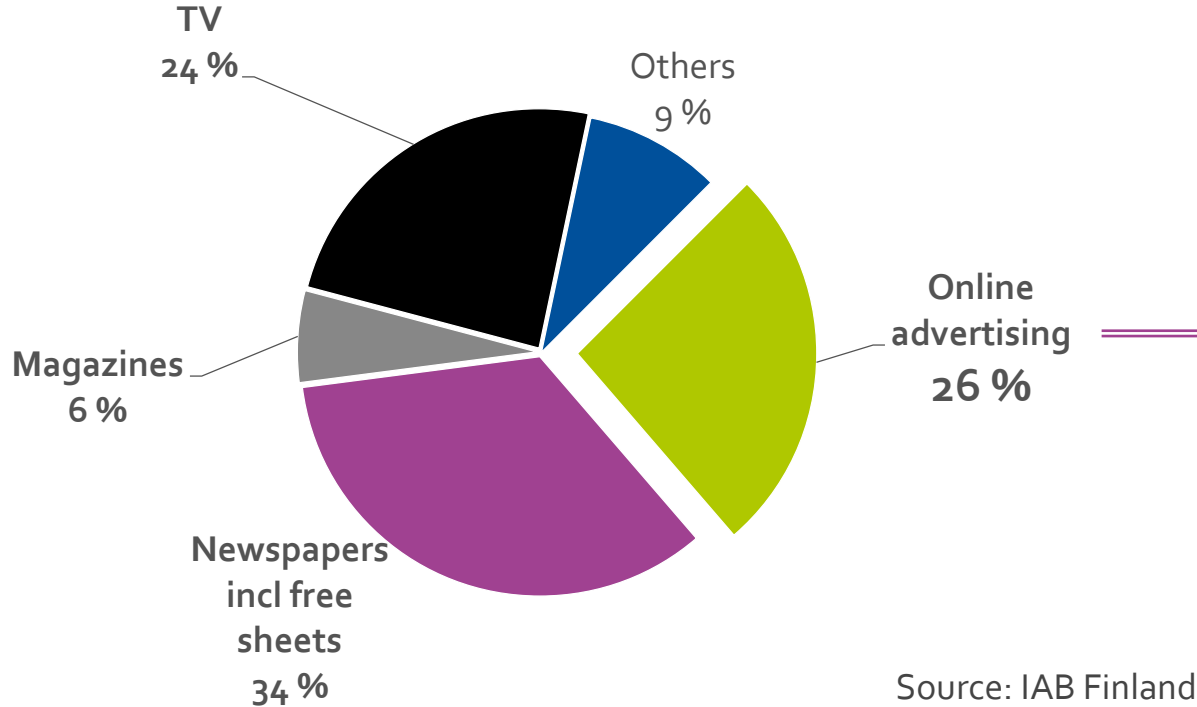


Source: TNS Media Intelligence

# Disruption in digital advertising

Advertising channels in Finland Q1 2015: 260 MEUR

Online advertising channels in Finland, Q1 2015\*



\*Display and classified advertising (including video and mobile) compared with search and Facebook advertising

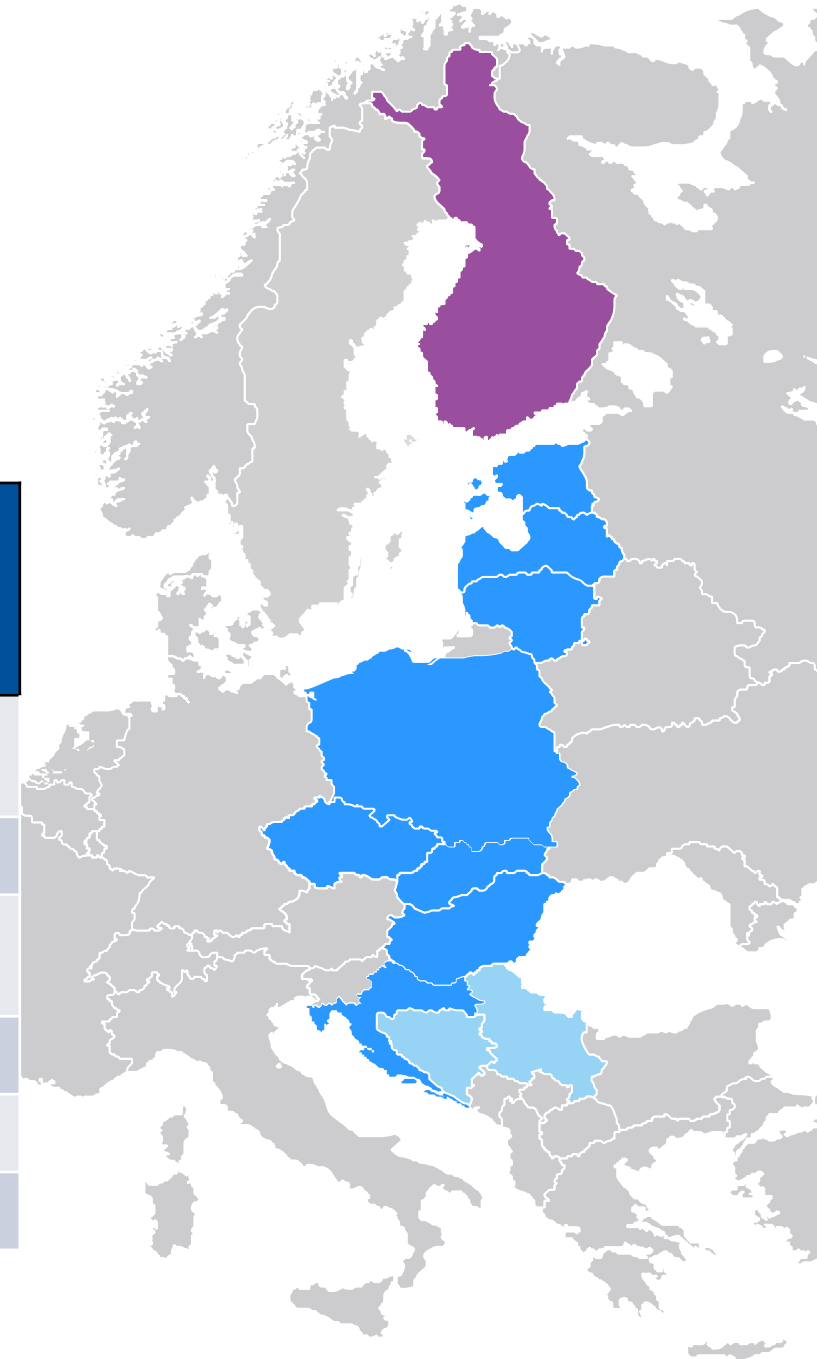




# MARKET DEVELOPMENT IN EASTERN CENTRAL EUROPE

# GDP growth in our career service countries support solid market development

Career services market	Market size MEUR	Alma Career's brands	GDP growth rate, %		Alma Career market position
			2015e	2016e	
Baltic states	9	CV Online	2.3 – 2.8	2.9 - 3.6	# 1 in all
Poland	40	Monster	3.3	3.4	# 4
Czech Republic	45	LMC Monster	2.5	2.6	# 1
Slovakia	9	Profesia	3.0	3.4	# 1
Hungary	11	Monster	2.8	2.2	# 3
Croatia	5	Tau-online	0.3	1.2	# 1





# Alma Media's career operations in brief

400

personnel across Europe.

15 %

Monster Worldwide's share of Alma Career Oy, the company managing the operations. Alma Media owns 85 %.



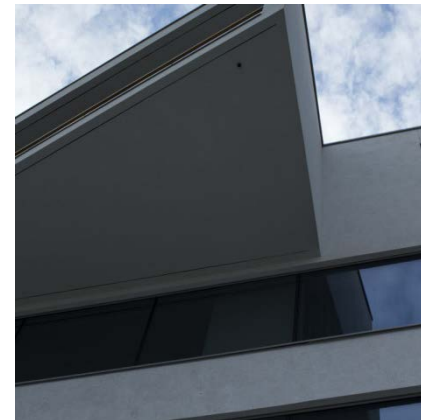
11

Countries south from Finland to the Adriatic Sea.



35

MEUR of revenue.



>30%

EBITDA





A close-up photograph of pink cherry blossoms on dark branches, with a soft, out-of-focus background of more blossoms. The word "STRATEGY" is overlaid in white, bold, sans-serif capital letters on the left side of the image.

# STRATEGY

Alma Media's response to the dynamically developing marketplace

## MISSION

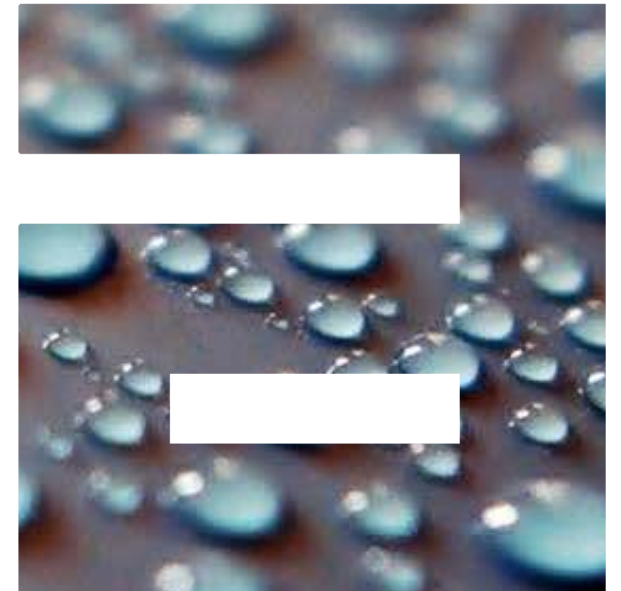
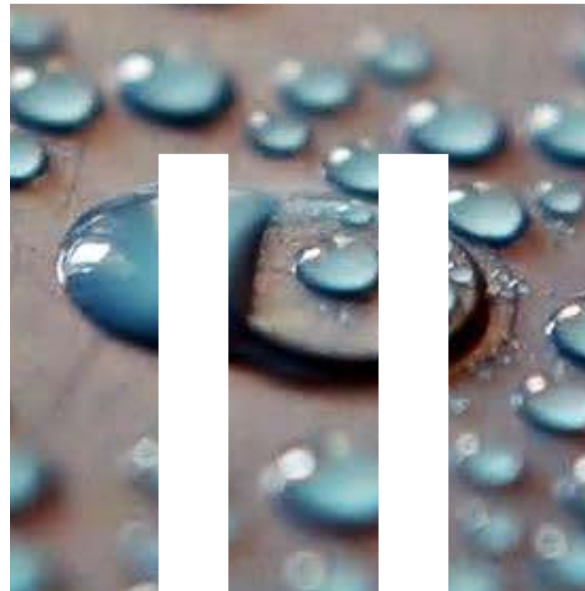
For individual freedom  
and wellbeing.

## VALUES

Freedom and pluralism of journalism  
Team play  
Courage

## VISION

The most exciting provider  
of information, services and  
experiences.  
Alma Media sets the stage  
for the future of media.







# Strategy 2015 - 2017

Alma Media will accelerate growth in digital business through service innovations, media solutions offering and digital content sales.

The company will also investigate and utilize possibilities to support organic growth by targeted acquisitions.

# Elements of strategy for growth and profitability

**A.**

Four strategic themes:

Multichannel content

Marketing solutions

Service business

Resources

■ Digital Consumer Services

■ Financial Media and Business Services

■ National Consumer Media

■ Regional Media

**B.**

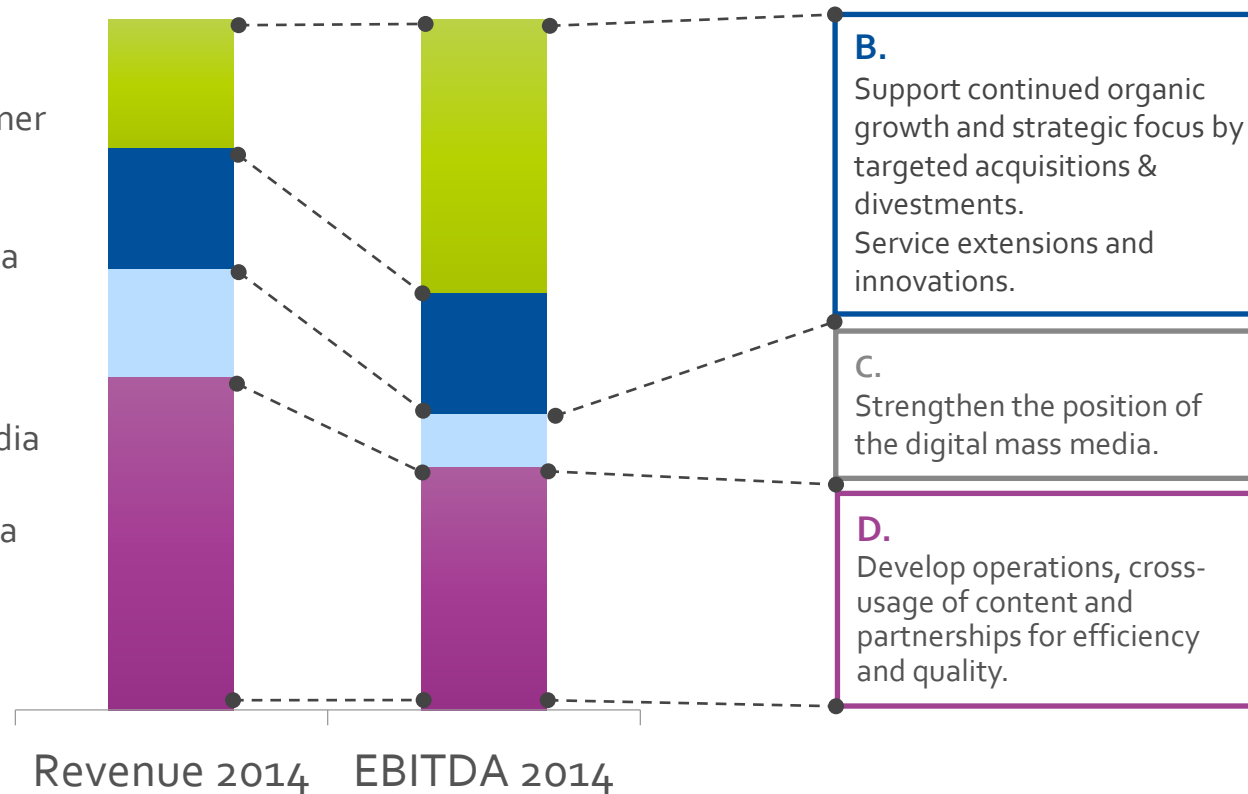
Support continued organic growth and strategic focus by targeted acquisitions & divestments.  
Service extensions and innovations.

**C.**

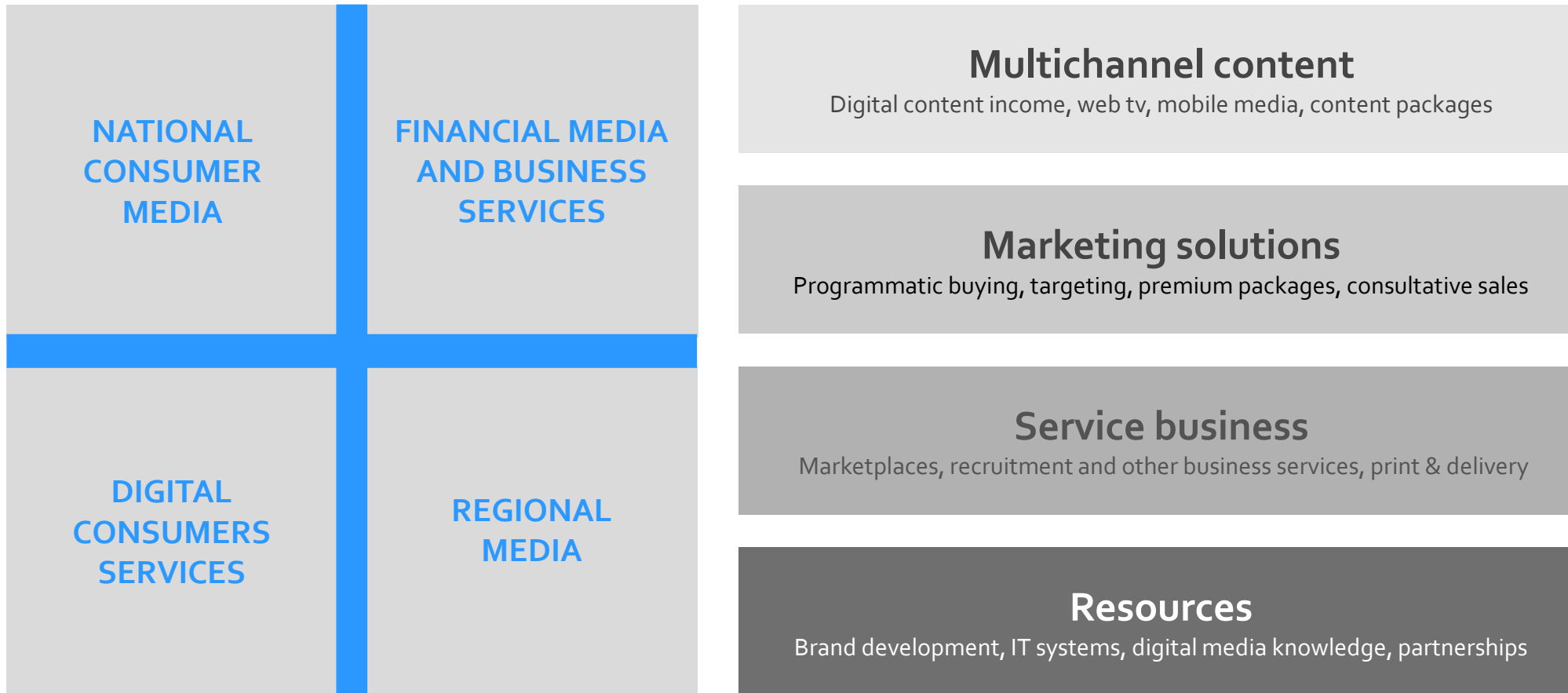
Strengthen the position of the digital mass media.

**D.**

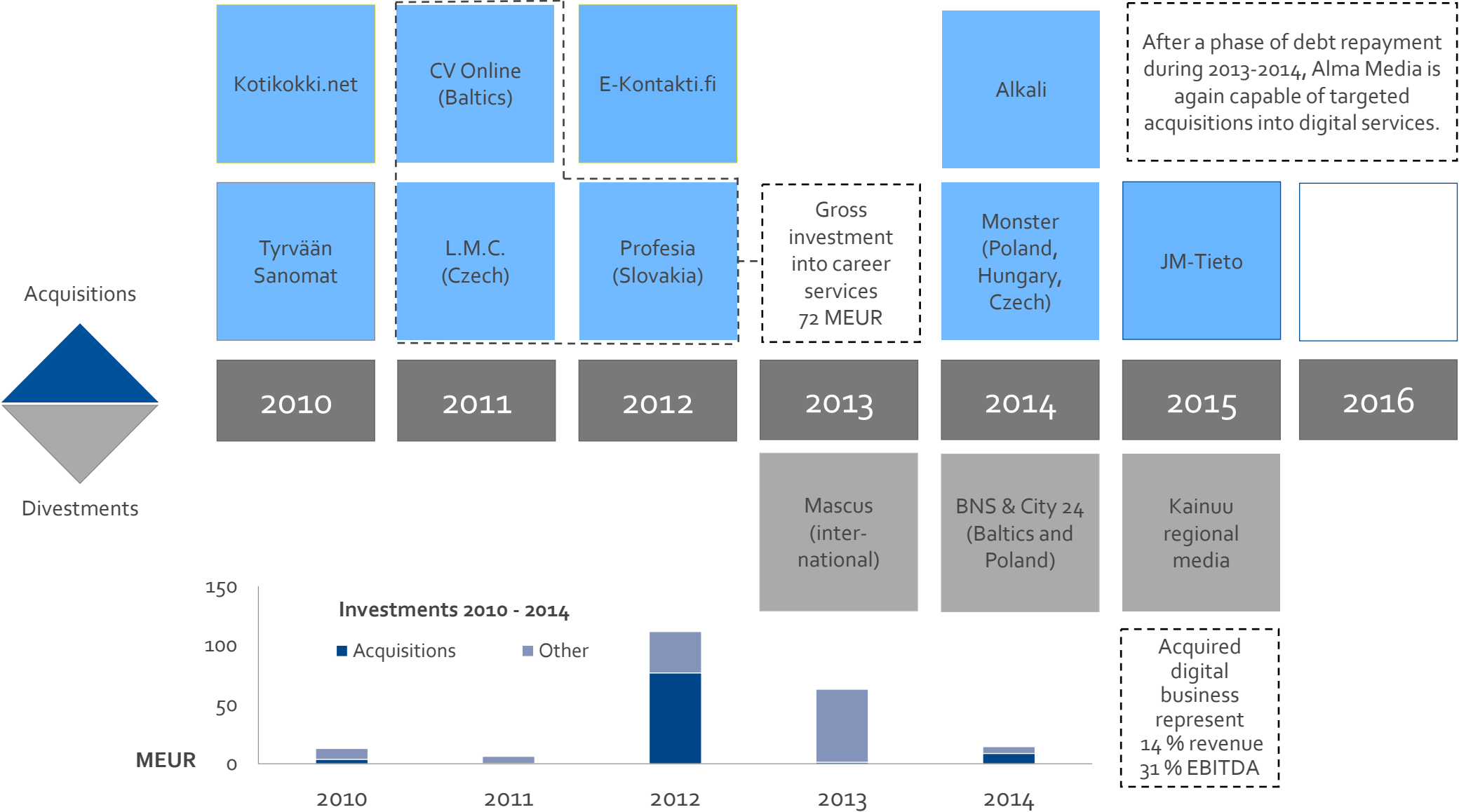
Develop operations, cross-usage of content and partnerships for efficiency and quality.



# A. Four strategic themes for all businesses

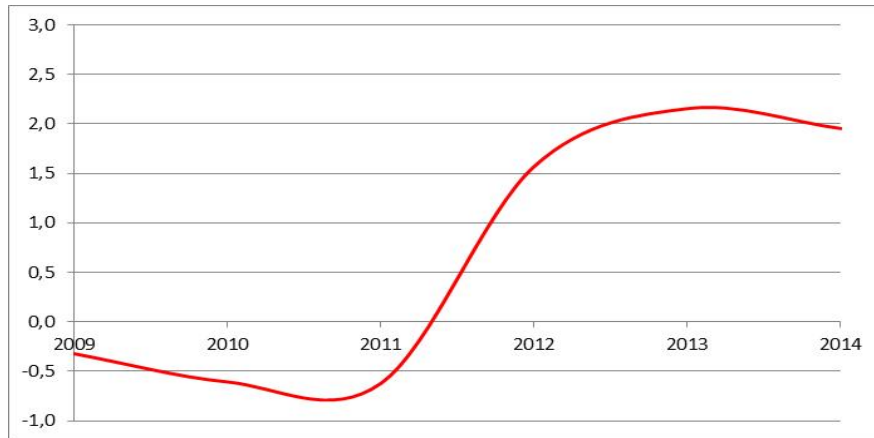


# B. Supporting focus & growth in digital business

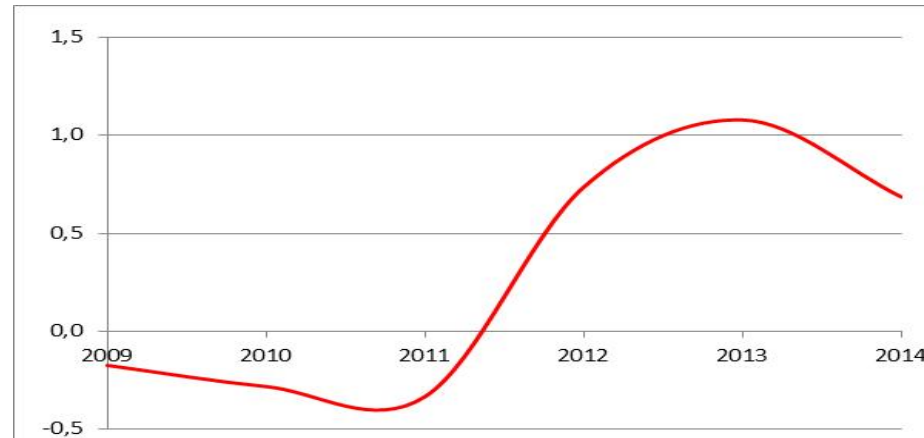


## B. Supporting focus & growth in digital business

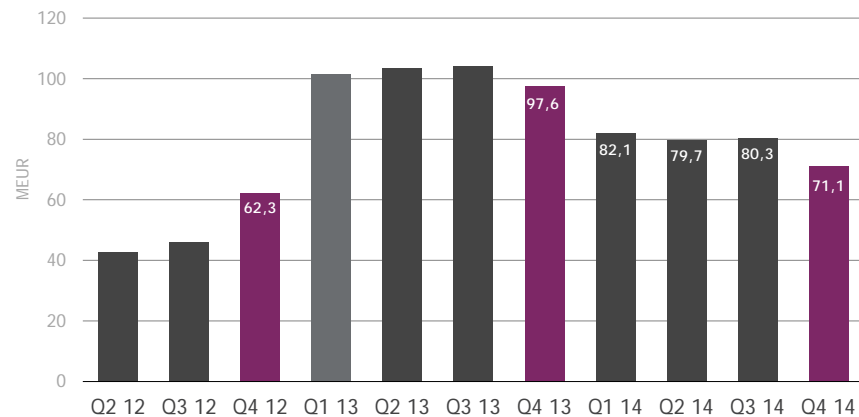
NET DEBT / EBITDA (2009 – 2014)



NET DEBT / EQUITY (GEARING), 2009 – 2014



NET DEBT Q2/2012 – Q4/2014



Alma Media had a strong investment period during 2011-2013 (approx. MEUR 150).

During 2013-2014 Alma Media has concentrated on integrating the acquisitions and stabilising the financial position and cash flow.

From 2015 forward Alma Media is capable and willing to continue investments, mainly to digital business supporting the strategy.



# C. Strengthen the market position of the digital mass media

## Some examples of Italehti.fi development

- Utilising smart data in content development and advertising (targeting) solutions.
- New premium advertising solutions to counter online advertising price erosion.
- Building audience reach and engagement through viral Fiidi.fi service.



# D. Development of regional media

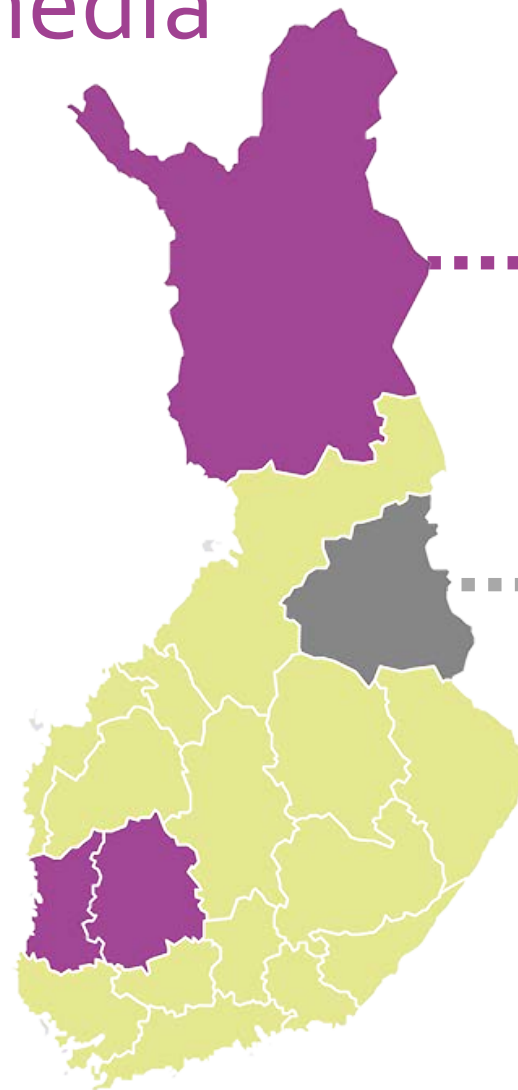
Structural changes support quality and efficiency

## Main operations

- Regional daily newspapers Aamulehti and Satakunnan Kansa, and the combined Pohjolan Sanomat and Lapin Kansa.
- 21 local newspapers and free sheets.
- Print and delivery company Alma Manu.

## Shared is the new normal

- Editorial systems, ad sales, print, online and mobile platforms, customer service, product development – all shared between papers.
- Approx. 30 % of total content is shared.



### Structural reform of Lapland newspapers

- We combined the editorial and other functions of two daily newspaper in Lapland
- Personnel reduction 21 persons out of 130 staff
- New products (print , online and mobile) in place from June 2015 onwards.

### Divestment of Kainuu papers

- Regional newspaper Kainuun Sanomat, four local newspapers and free sheets
- Divested revenue 11.5 MEUR pa.
- Little short term impact on EBIT; long-term EBIT improvement impact likely
- Completed in March 2015.

# Old and new competition

Traditional competition	Alma Media's business	New and emerging competition
Free sheets; direct mail; regional TV & radio broadcasts	Regional media	News aggregators; social media
Other tabloid publisher; broadcast TV online	Tabloid media	Social media; news aggregators
Other publishers (local and global)	Financial media and online service	Financial institutions' own media
Newspapers; other job boards	Online career services	Social media
Other marketplaces	Online marketplaces	Social media



# FINANCIAL DYNAMICS

Revenue sources, costs, investments and financing

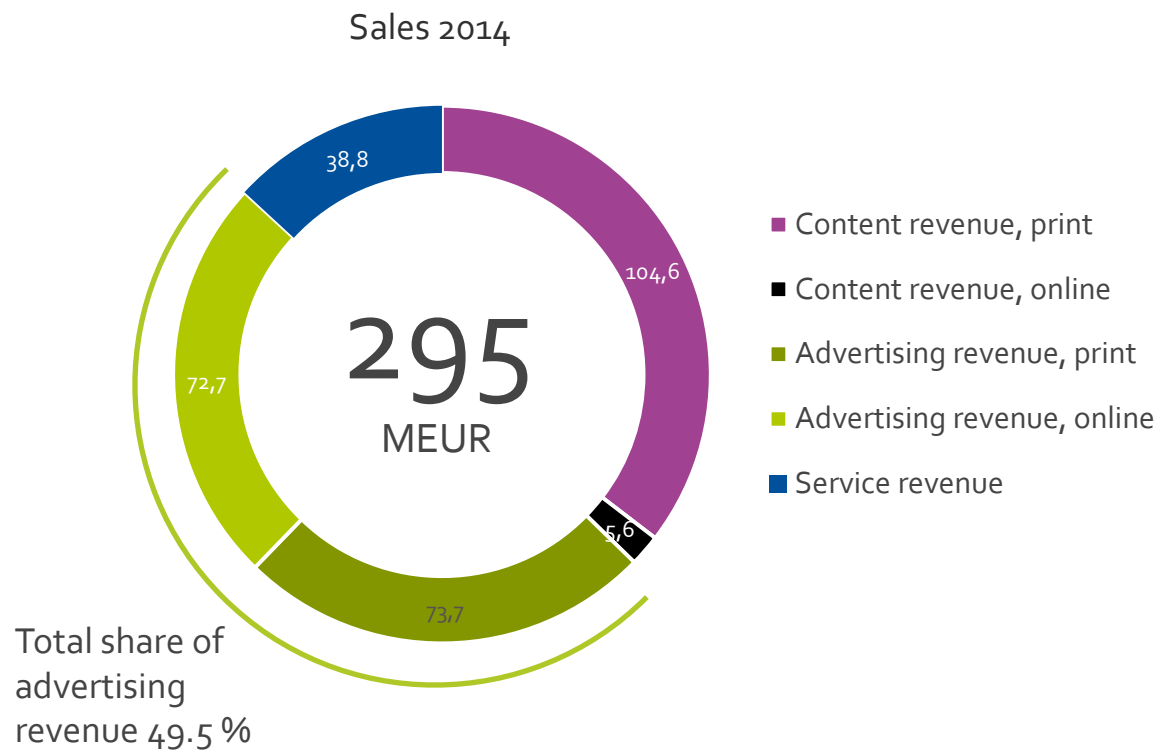
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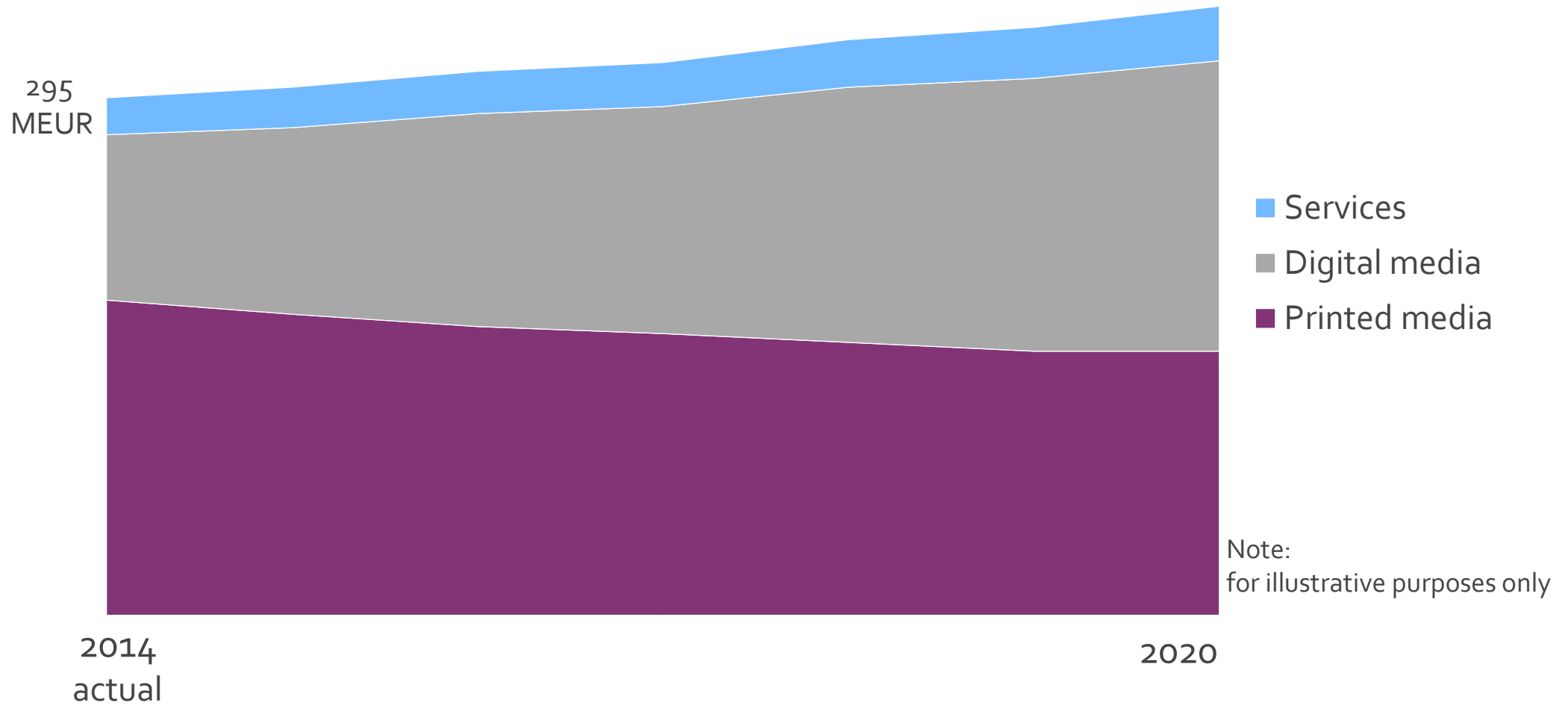


# Advertising is the main revenue source for Alma

Content and service revenue growing in share

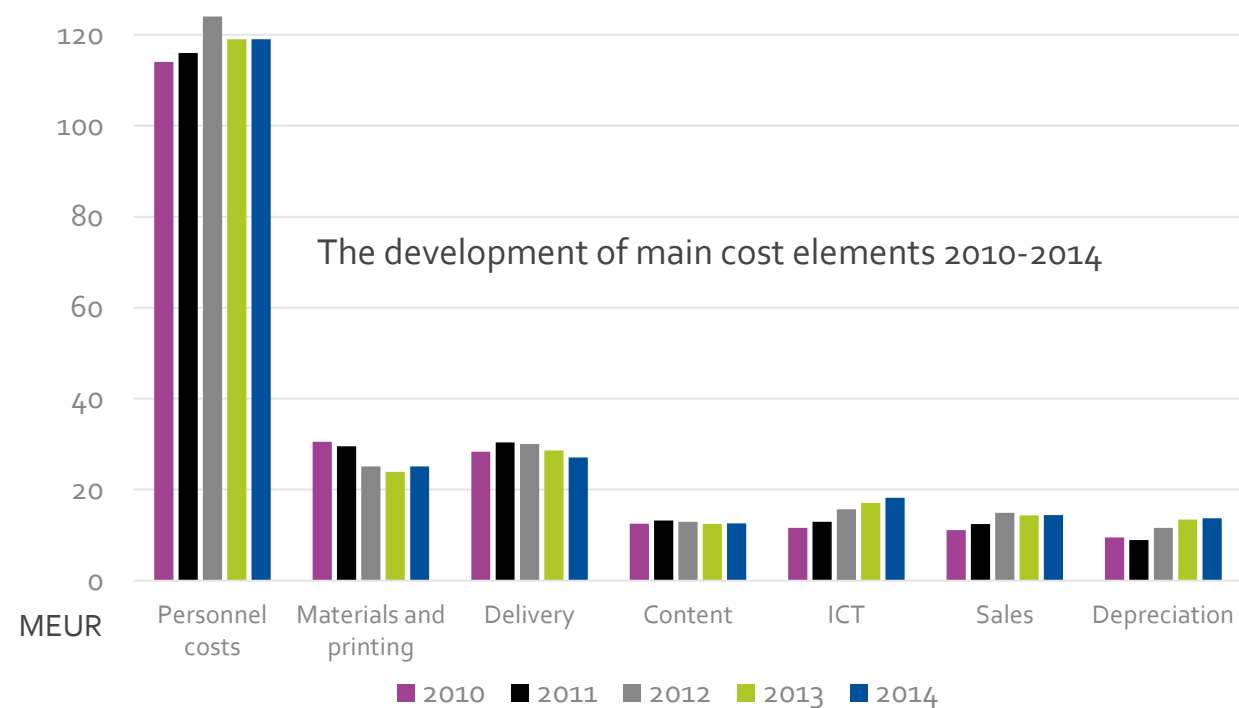
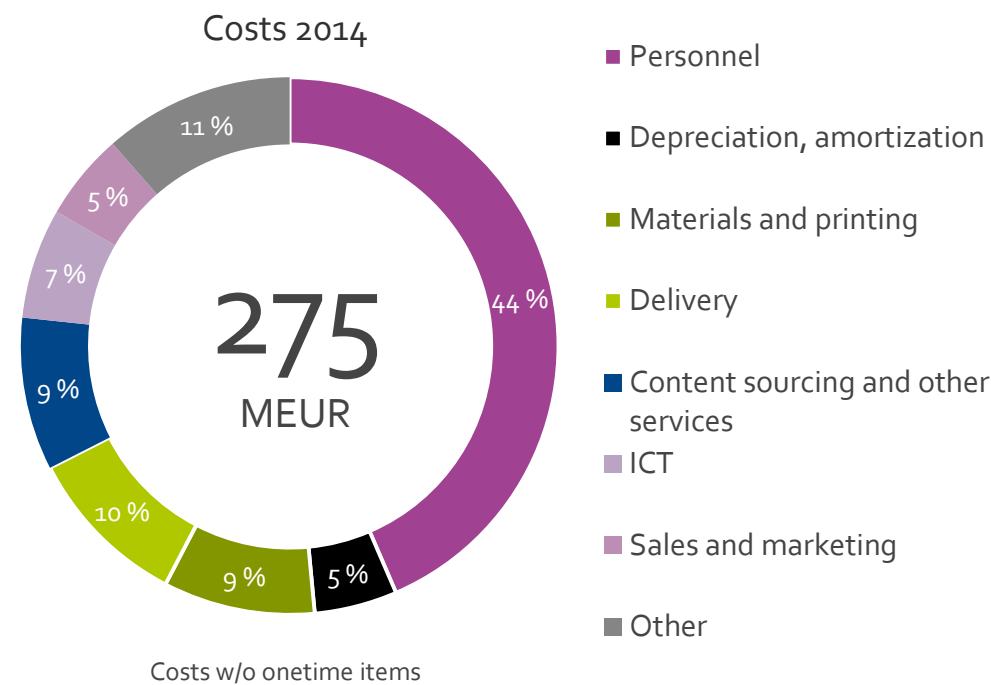


# Organic group sales development scenario



# Cost structure

Personnel costs represent largest cost element



# Sensitivity analysis

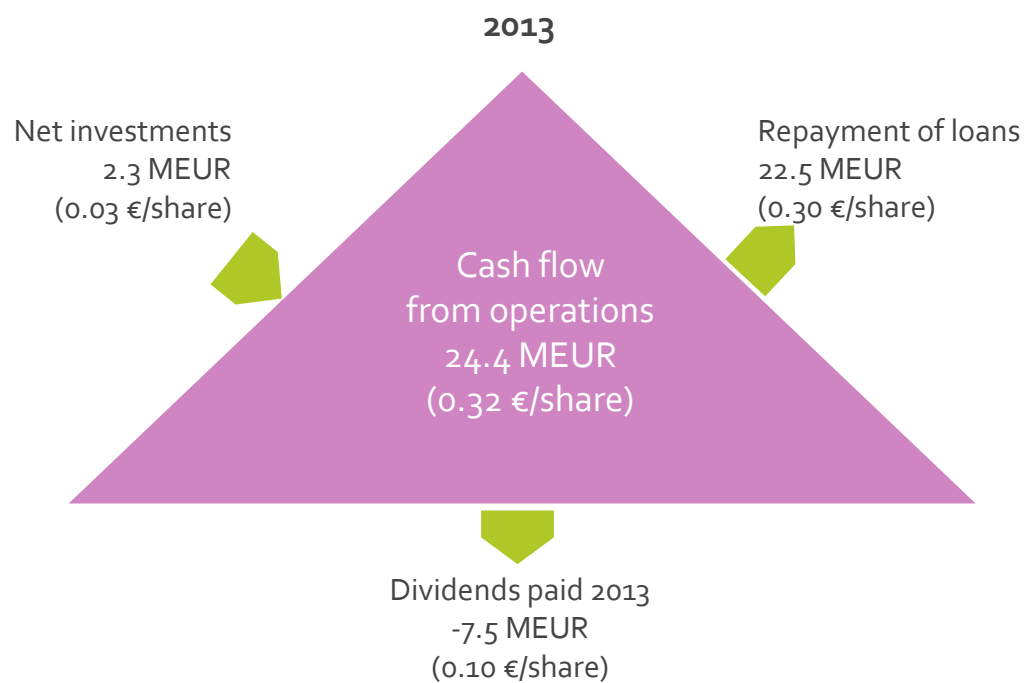
Factor	Change (%)	Impact on EBIT (MEUR)
Media advertising	+1	+1.5
Paper prices	+1	-0.12
Distribution costs	+1	-0.3
Wages and salaries, average	+1	-1.2
Average interest rate	+1	-0.6

The impacts in euros of the changes referred in the table above are provided as gross values. The calculations are estimates and based on historical annual figures. For instance, a significant decline in the value of advertising leads to cost savings (as the production costs of newspapers decrease, among other things) and thus the impact in euros in the operating profit is not linear. These cost savings are not included in the said estimates.

Calculations updated in July 2015.

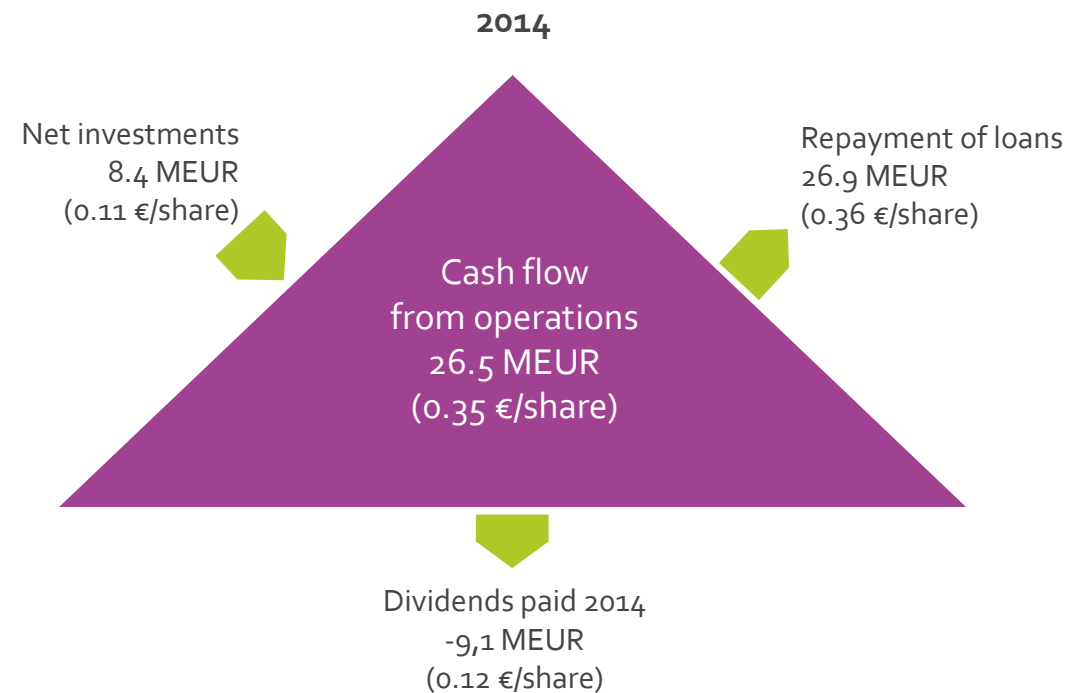


# Balancing investments, dividend and debt repayment



Cash change + dividends to minority shareholders = + 0.5 MEUR

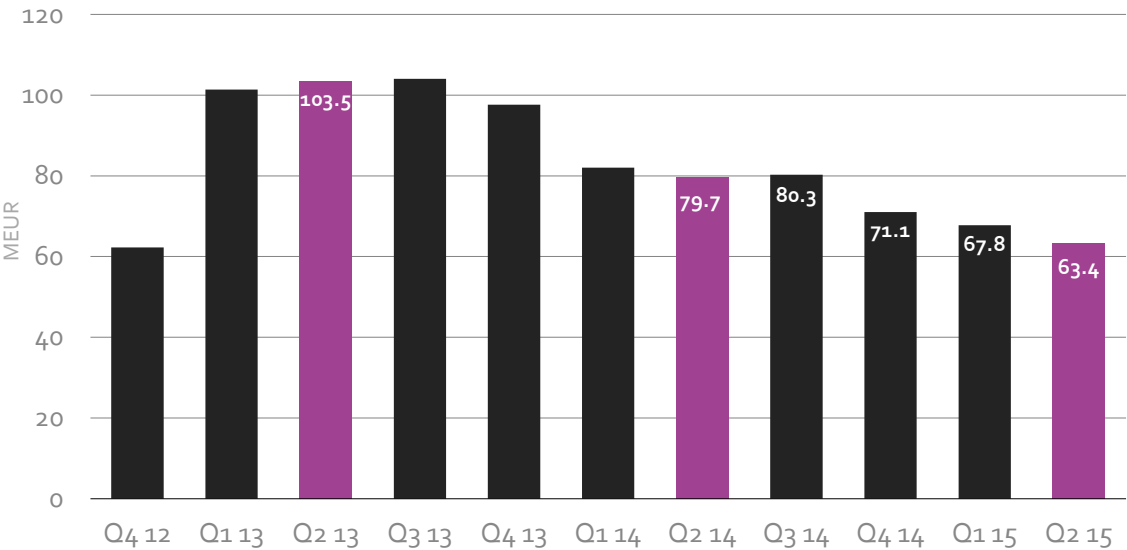
## Cash changes



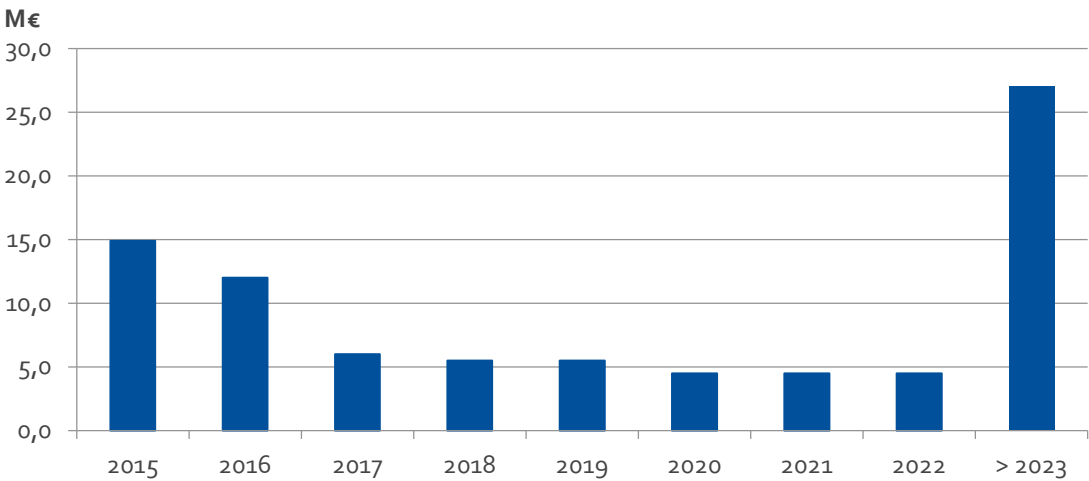
Cash change + dividends to minority shareholders = - 3.3 MEUR (-0.05 €/share)

# Debt level decreasing as planned

Interest-bearing debt, distribution and maturities



	Q2/2015
Financial leasing	67.5
Financial loans	7.5
Commercial papers	2.0
Cash and cash equivalents	-13.6
Total	63.4



# Balance sheet

MEUR	Q2 2015	Q2 2014
Intangibles and goodwill	112.0	112.7
Tangibles	73.0	83.2
Associated companies	25.3	24.9
Inventory	1.2	1.1
Receivables	33.7	33.8
Cash	13.6	13.6
<b>Assets</b>	<b>258.7</b>	<b>269.3</b>
Equity	102.2	95.1
Reserves-obligatory	0.5	3.9
Pension liabilities	2.7	2.9
Ib debt	77.0	93.3
Non-Ib debt	56.9	52.7
Advances received	19.5	21.4
<b>Equity and liabilities</b>	<b>258.7</b>	<b>269.3</b>

# Performance & financial targets

Alma Media's long-term financial targets	2011	2012	2013	2014	Target level
Digital business growth	16.3%	36.8%	8.4%	11.9%	> 15%
Return on Investment (ROI), %	26.1%	13.8%	10.0%	9.7%	> 15%
Dividend payout ratio*	103%	45%	50%	63%	> 50%

\*Including capital repayments

# FINANCIAL PERFORMANCE

Key figures Q2 2015

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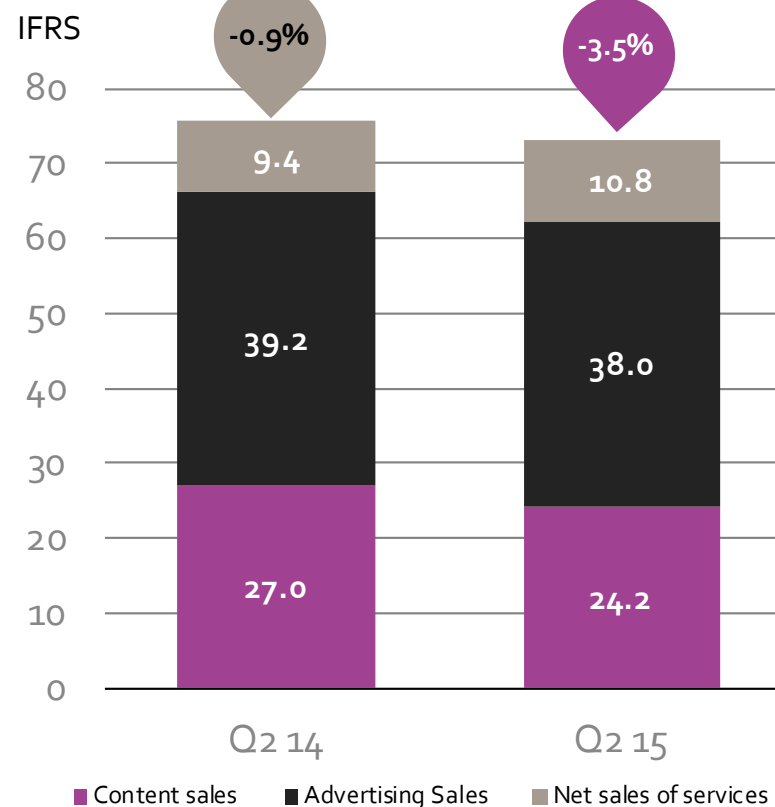
# Highlights

- The Finnish economy continued to be characterised by sustained weak development in the second quarter. Advertising volume declined by 3.3% year-on-year in Finland. The circulation volumes and single-copy sales of print media also declined.
- Alma Media's revenue in Q2 declined to MEUR 73 as a result of divestments. Operating profit improved to MEUR 6.8. Profitable growth in foreign markets compensated for the decline in domestic revenue and profitability. Measures implemented to reduce the cost structure in domestic operations were successful.
- Positive developments in the national economies of Eastern Central Europe and the improved employment situation in the region supported the strong growth of the digital recruitment service business. Recruitment business outside Finland grew by 23% in Q2. The domestic marketplaces business maintained its level of financial performance.
- The growth of the Financial Media and Business Services segment was boosted by JM Tieto, which builds marketing and sales concepts for B2B companies and was acquired in January 2015. Reorganisation measures in the customer magazine business also improved profitability.
- Revenue and profit continued to decline in the National Consumer Media segment, which is the segment hit hardest by the weak domestic advertising market.
- In the Regional Media segment, declining content revenue and advertising volume weighed down revenue, but operational cost adaptation measures and an increase in external revenue from printing operations helped curb the decline in the segment's profit.
- Alma Media expects its revenue to decrease in 2015 and operating profit excluding non-recurring items to remain unchanged or decrease from the 2014 level. The full-year revenue 2014 was MEUR 295.4, and operating profit excluding non-recurring items was MEUR 21.4.

# Revenue Q2/2015

- Revenue for the second quarter decreased by 3.5% to MEUR 73.0
  - The effect of divested business operations on the decrease in revenue was MEUR 3.3.
- Online sales increased by 8.0% and amounted to MEUR 25,7.
- Digital products and services accounted for 35.2% (31.4%) of Group revenue in the second quarter.
- Content revenue declined by 10.6% to MEUR 24.2.
  - Content revenue from digital channels did not cover the decline in print content revenue.
- Advertising revenue decreased by 2.9% to MEUR 38.0.
  - Online advertising sales increased by 9.4%.
  - Advertising sales for print media decreased by 13.7%
- Service revenue increased by 14.8% to MEUR 10.8.

## Revenue, MEUR



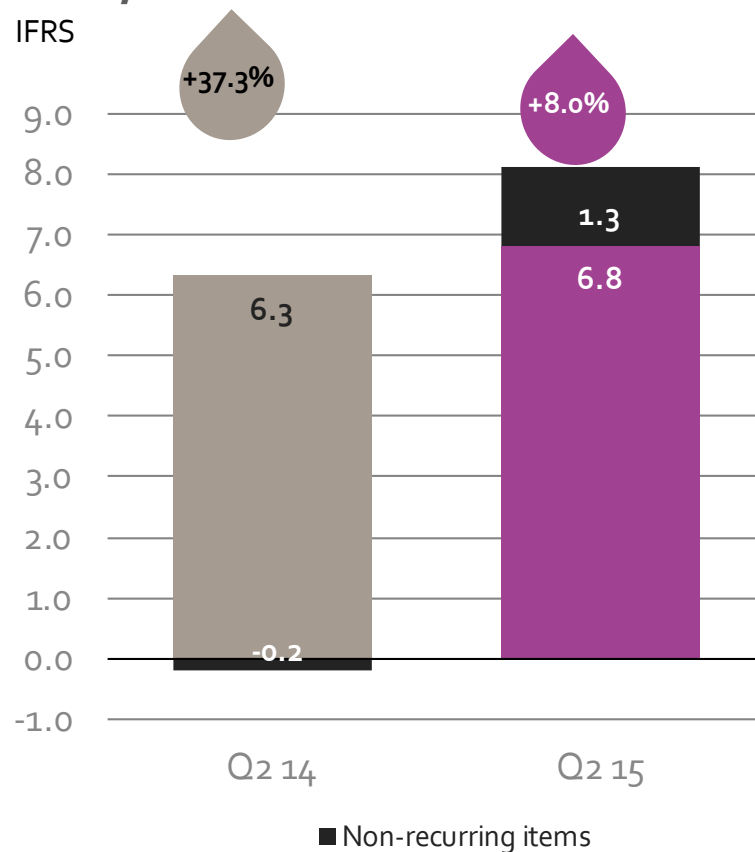


# Operating profit Q2 2015

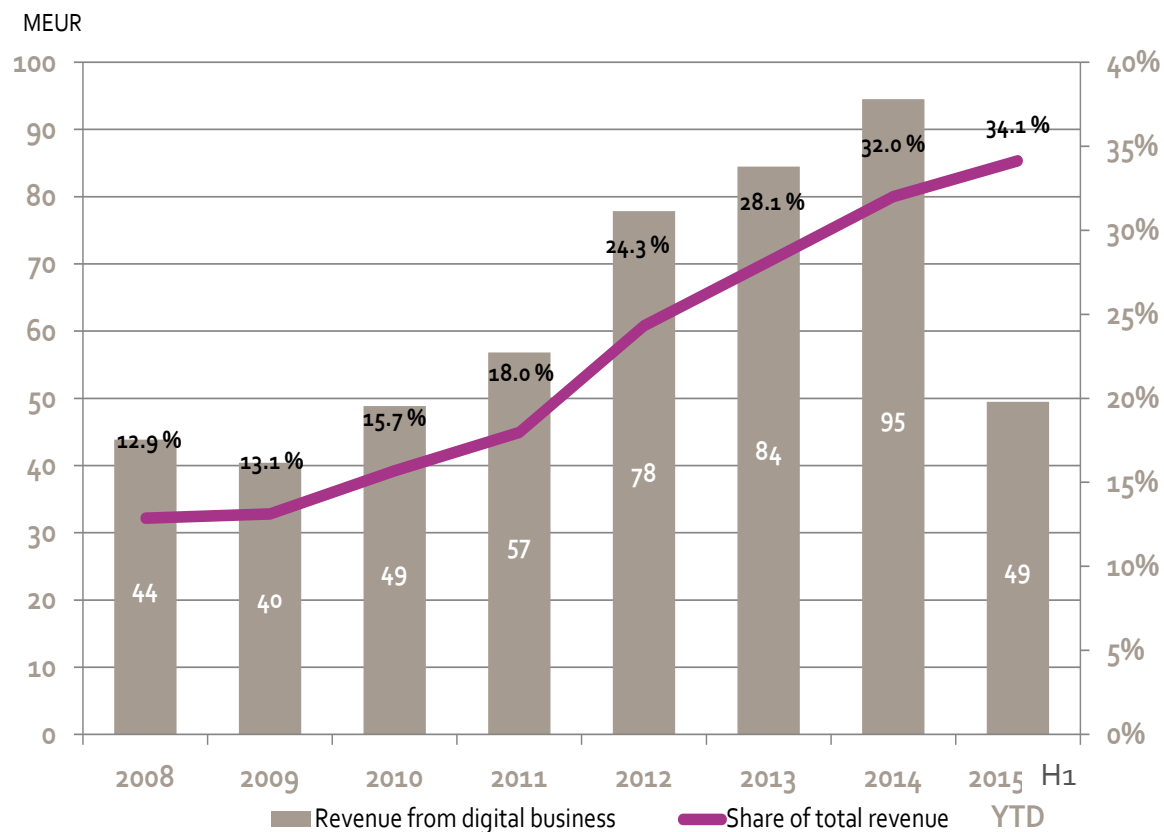
- Operating profit excluding non-recurring items increased by 8.0% to MEUR 6.8
- Operating profit was MEUR 8.1, or 11.1% of revenue.
  - The operating profit includes net non-recurring items in the amount of MEUR 1.3.
- Total expenses excluding non-recurring items decreased by 4.6% year-on-year to MEUR 66.4.

## EBIT, MEUR

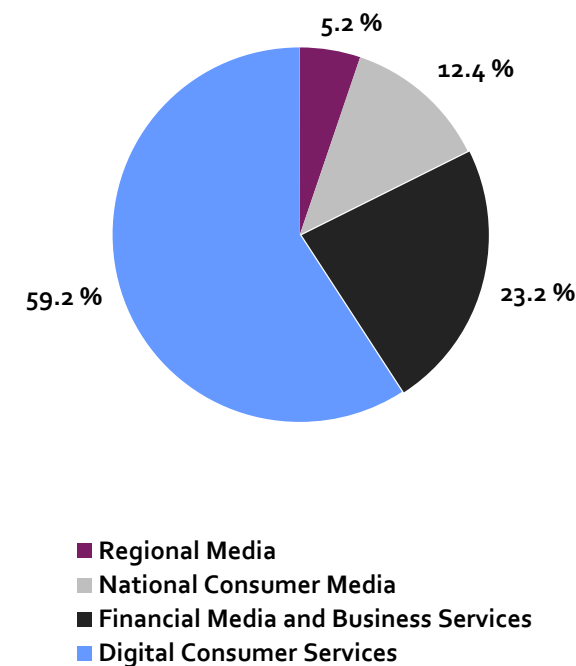
IFRS



# Investments in digital development to continue – the significance of digital business to Alma Media's income formation is increasing

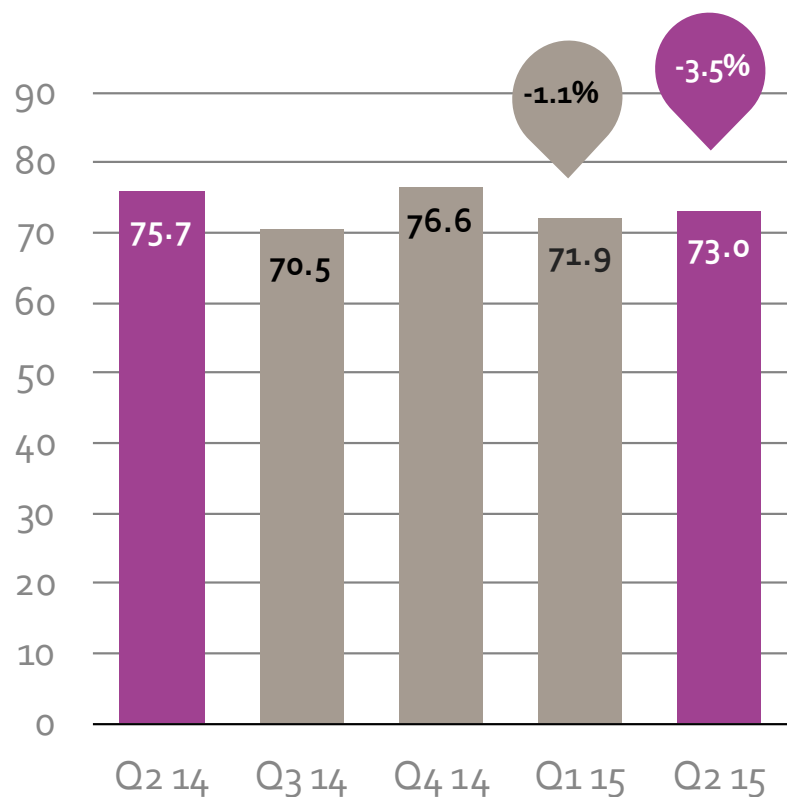


Segment's share of the Group's  
digital revenue

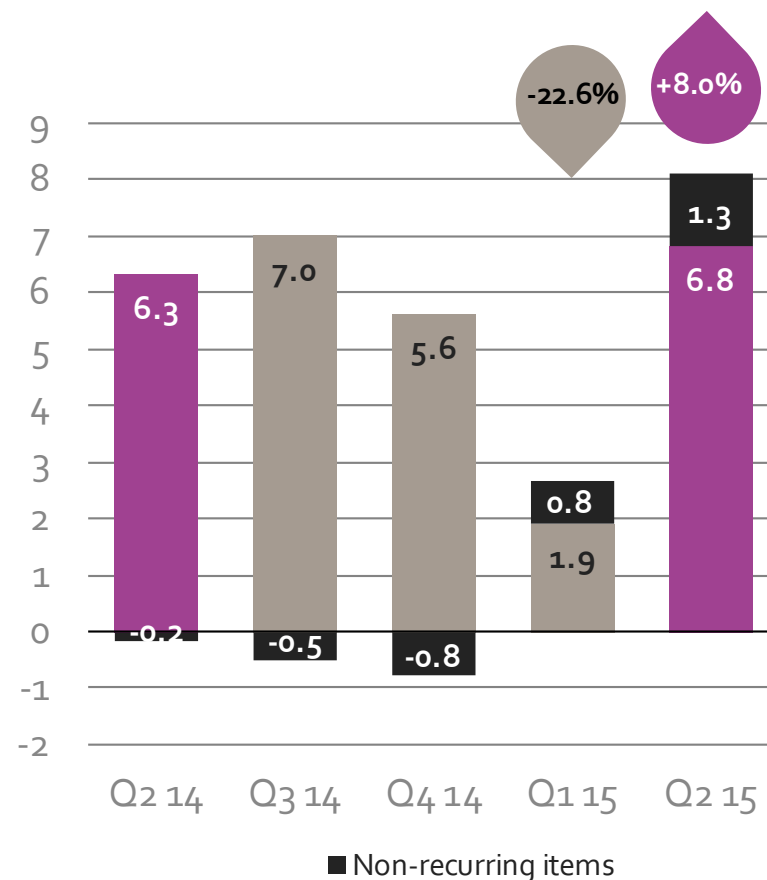


# Operating profit increased as expected in Q2

## Revenue, MEUR

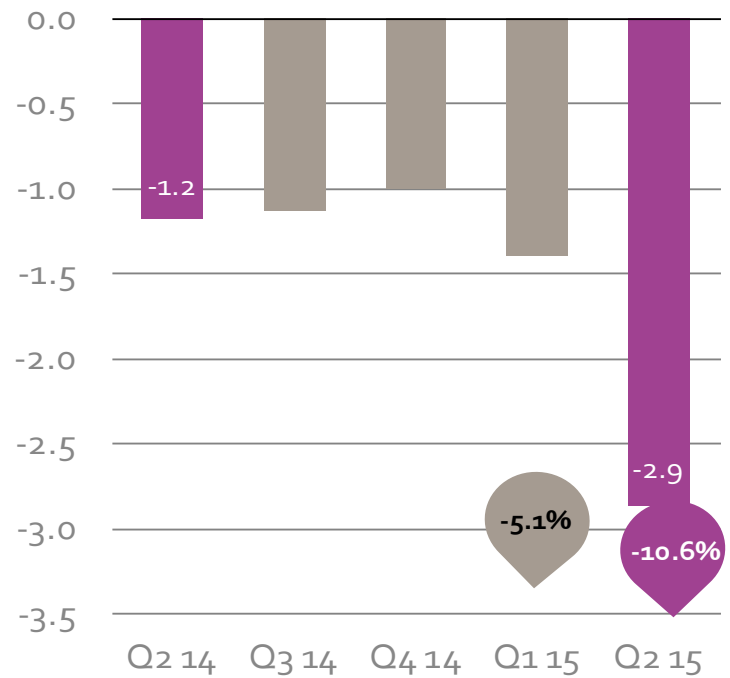


## EBIT, MEUR

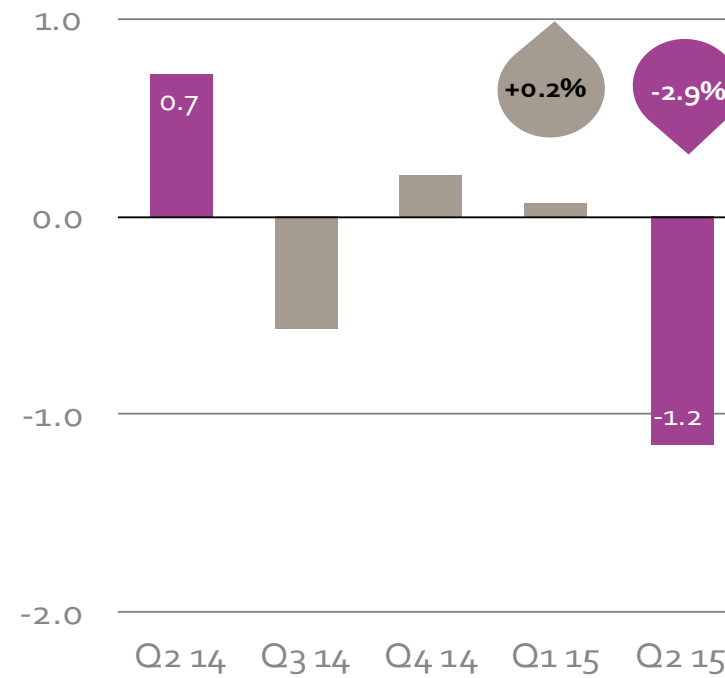


# Advertising sales, and print media content revenue in particular, declined

Content revenue, MEUR



Advertising sales, MEUR



# Growth in foreign markets compensated for the decline in domestic revenue and profitability

- The significance of foreign operations to Alma Media's income formation is increasing rapidly.
- Slow economic growth in Finland is weighing down on the revenue and profitability of Alma Media's domestic operations.

Revenue, MEUR	Q2 15	Q2 14	Chg %
Digital Consumer Services	15.3	14.0	9.4 %
Financial Media and Business Services	14.0	13.1	7.2 %
National Consumer Media	10.7	12.7	-15.8 %
Regional Media	34.0	37.2	-8.5 %
Other Operations	7.2	7.0	2.6 %
Alma Media total	73.0	75.7	-3.5 %

EBIT, MEUR	Q2 15	Q2 14	Chg %
Digital Consumer Services	3.9	2.5	56.9%
Financial Media and Business Services	1.9	1.3	40.1%
National Consumer Media	0.9	1.7	-48.0%
Regional Media	2.6	3.0	-11.8%
Other Operations	-2.5	-2.1	-14.3%
Alma Media total	6.8	6.3	8.0%

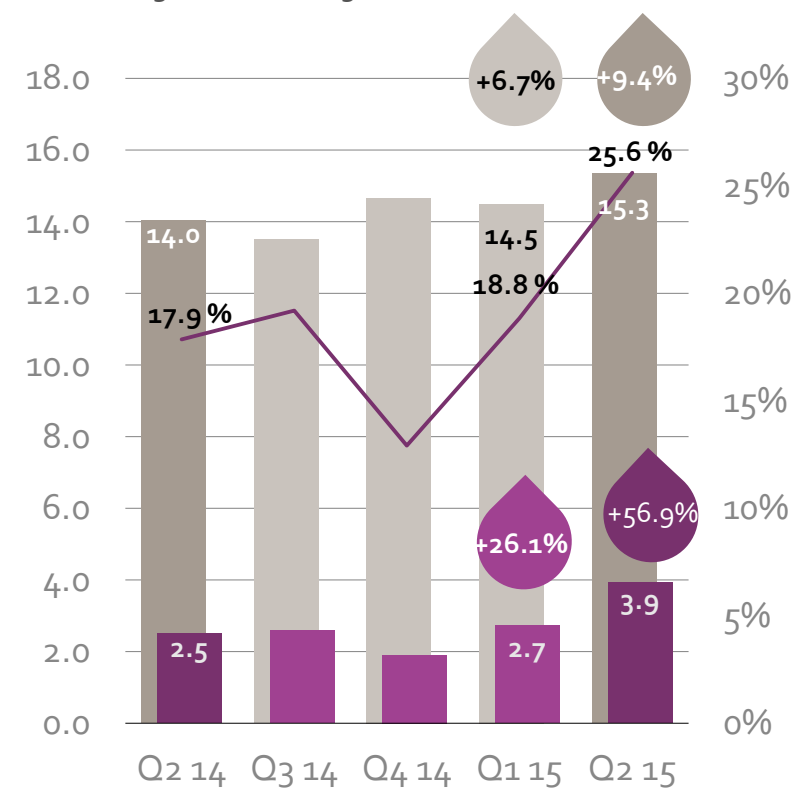
EBIT %	Q2 15	Q2 14
Digital Consumer Services	25.6	17.9
Financial Media and Business Services	13.3	10.2
National Consumer Media	8.1	13.1
Regional Media	7.7	8.0
Alma Media total	9.3	8.3

# Digital Consumer Services Q2/2015: continued strong growth in foreign markets

- Revenue grew by 9.4% to MEUR 15.3
  - Revenue from operations in Finland decreased by 2.6% due to the weak market situation to MEUR 5.6
  - The effect of divested business operations was MEUR 0.4.
- Recruitment service revenue increased by 20.7% and accounted for 73% of the segment's revenue.
  - Strong growth continued particularly in the Czech Republic, Slovakia and Croatia.
- Total expenses excluding non-recurring items were MEUR 11.5.
- The operating profit was 3.9 MEUR. No non-recurring expenses were reported during the review period.

Revenue and operating profit,  
MEUR & %

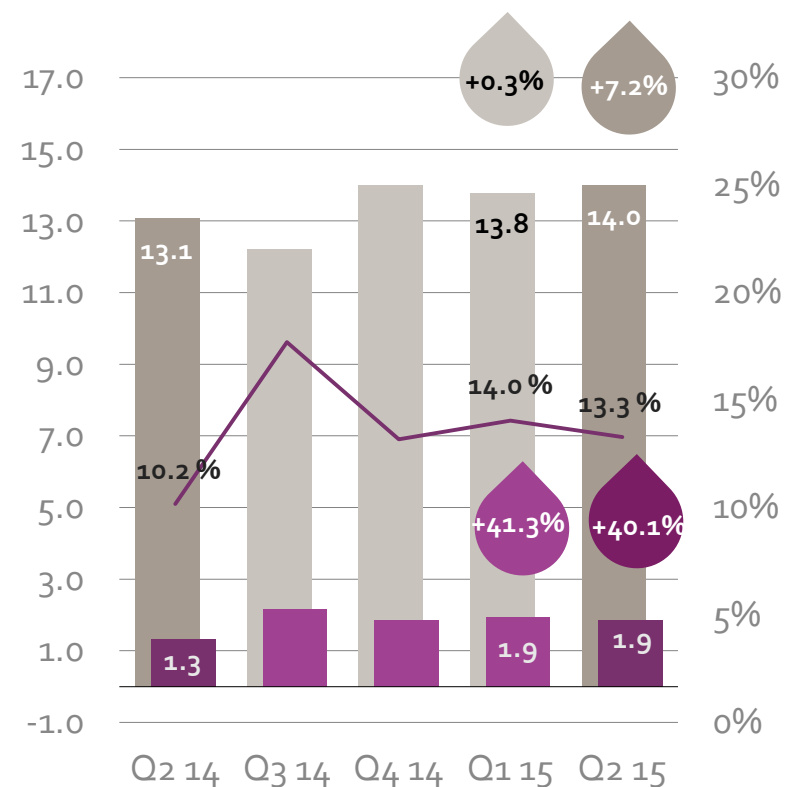
Excluding non-recurring items



# Financial Media and Business Services Q2/2015: growth boosted by JM Tieto

- Revenue increased by 7.2% to MEUR 14.0
  - Digital business accounted for 42.7% of revenue.
- Content revenue increased by 0.9% and was MEUR 3.8
  - Kauppalehti's digital content revenue grew by 15%, covering the decline in print media content revenue.
- Advertising sales was MEUR 4.1 and digital content revenue rose by 13.0%.
- Service revenue increased by 16.1% to MEUR 6.0.
- Total expenses excluding non-recurring items were MEUR 12.2, increased by 3.16%.
- Operating profit increased by 40.1% to MEUR 1.9. No non-recurring expenses were reported during the review period.
  - Profitability was improved by JM Tieto as well as restructuring measures in Alma360.

Revenue and operating profit,  
MEUR & %  
Excluding non-recurring items



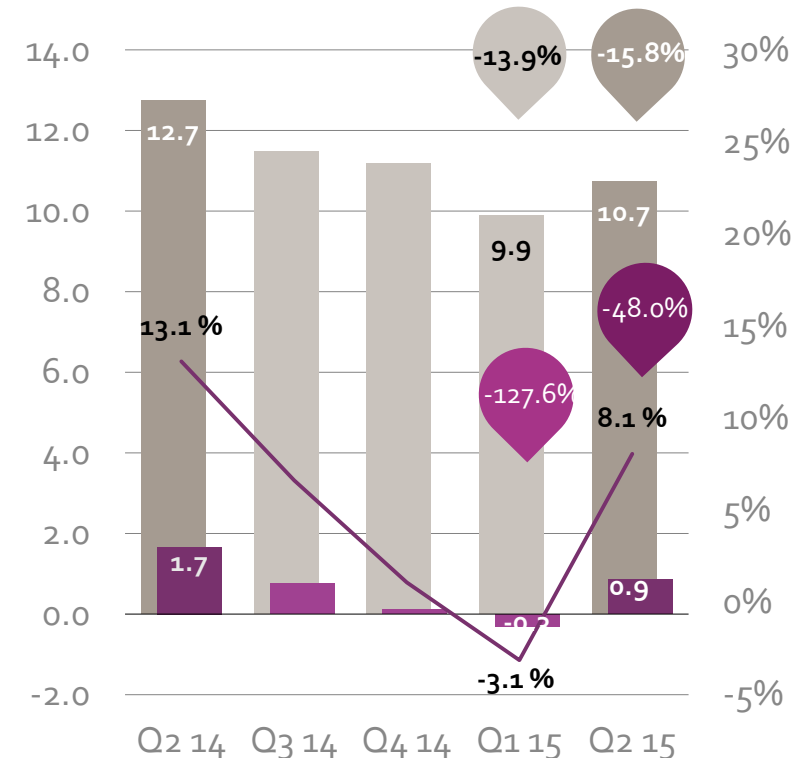


# National Consumer Media Q2/2015: result weighed down by the weak domestic advertising market

- Revenue declined by 15.8% to MEUR 10.7.
  - Online business accounted for 29.8% of the segment's revenue.
- Content revenue decreased by 14.1% due to a decline in Italehti's circulation.
- Advertising sales decreased by 17.9%.
  - Online advertising sales decreased by 12.3% as display advertising declined.
  - Advertising sales for print media decreased by 28.0%
- Total expenses excluding non-recurring items decreased by 10.9% to MEUR 9.9.
  - A decrease in printing and distribution as well as personnel costs contributed to the decline in total expenses.
- Operating profit declined to MEUR 0.9. No non-recurring expenses were reported during the review period.

Revenue and operating profit,  
MEUR & %

Excluding non-recurring items

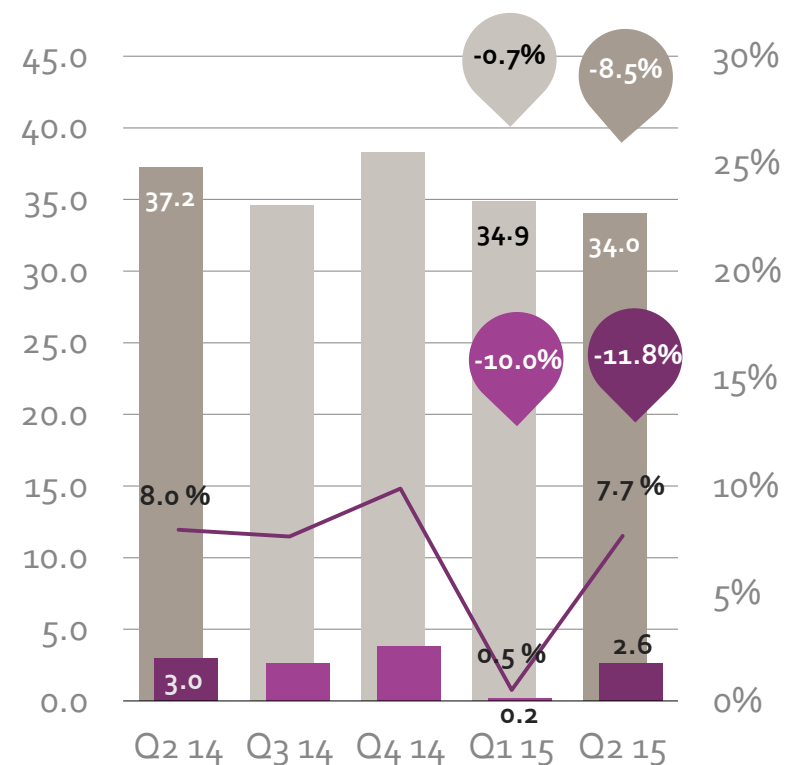


# Regional Media Q2/2015: The decline of the result was tempered by adjustment measures and the external sales of printing services

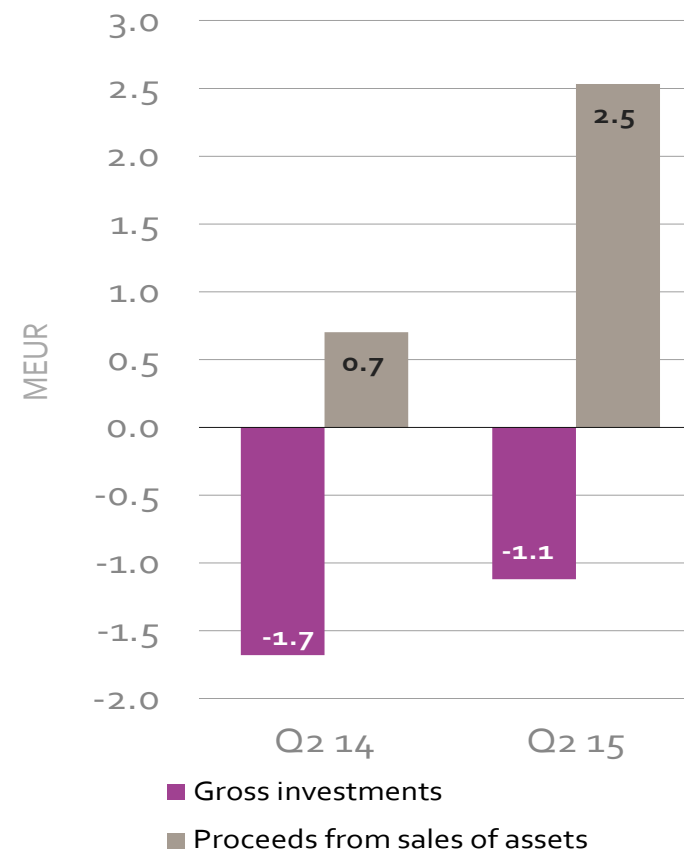
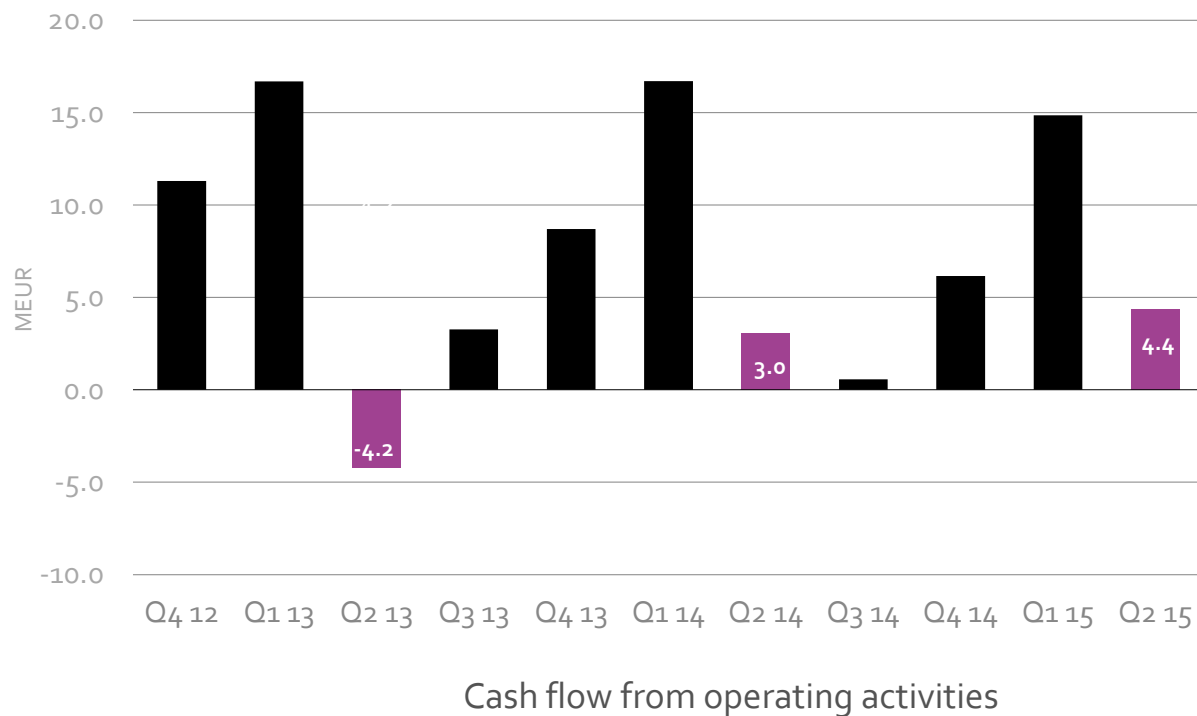
- Revenue was MEUR 34.0.
  - The divestment of business operations in Kainuu contributed to the decrease in revenue.
  - Digital business accounted for 4.0% of revenue.
- Content revenue declined by 11.6%.
- Advertising sales decreased by 11.1%.
  - Online advertising sales increased by 36.6%.
- Service revenue increased by 14.5%.
- Total expenses declined to MEUR 31.5 as a result of efficiency improvement measures for newspapers and printing operations.
- Operating profit excluding non-recurring items was on a par with the comparison period at 2.6 MEUR.
  - The non-recurring items MEUR 0.4 in the review period were mainly related to operational restructuring costs and sales gains.

Revenue and operating profit,  
MEUR & %

Excluding non-recurring items

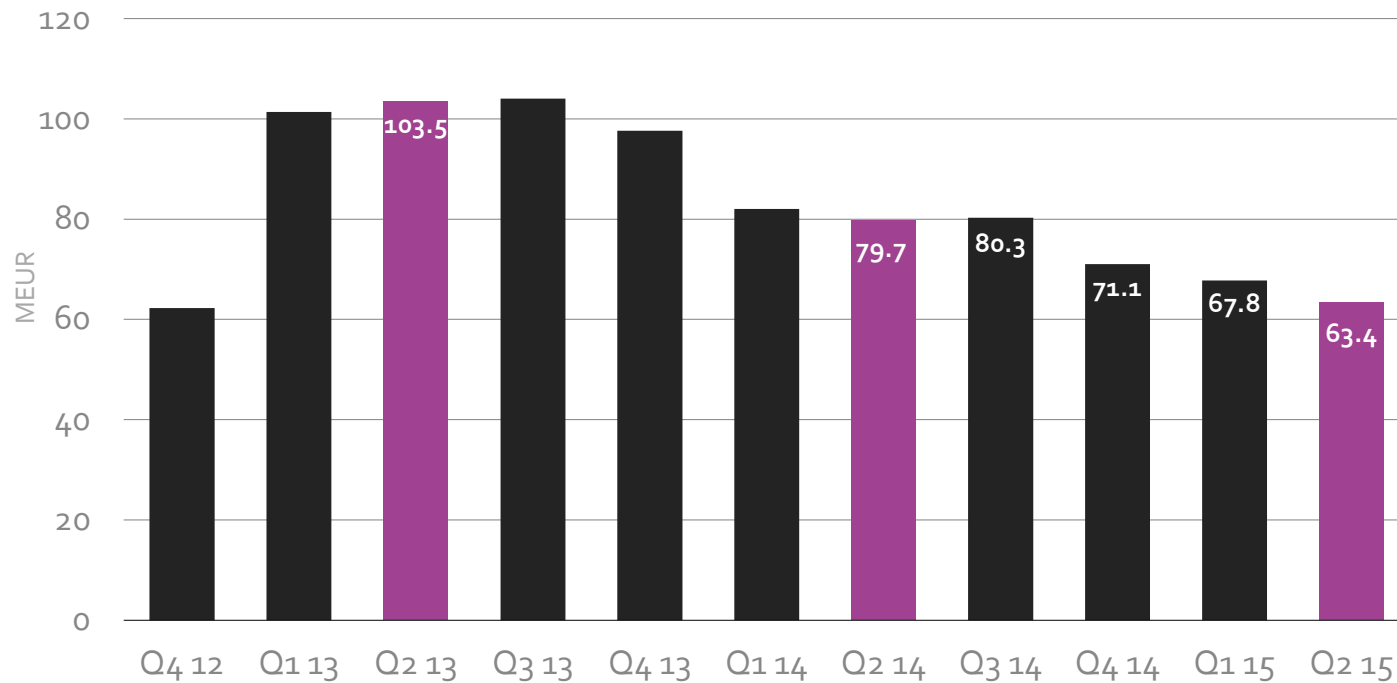


# Cash flow from operating activities and investments



# Interest-bearing liabilities

Net debt Q4/2012–Q2/2015



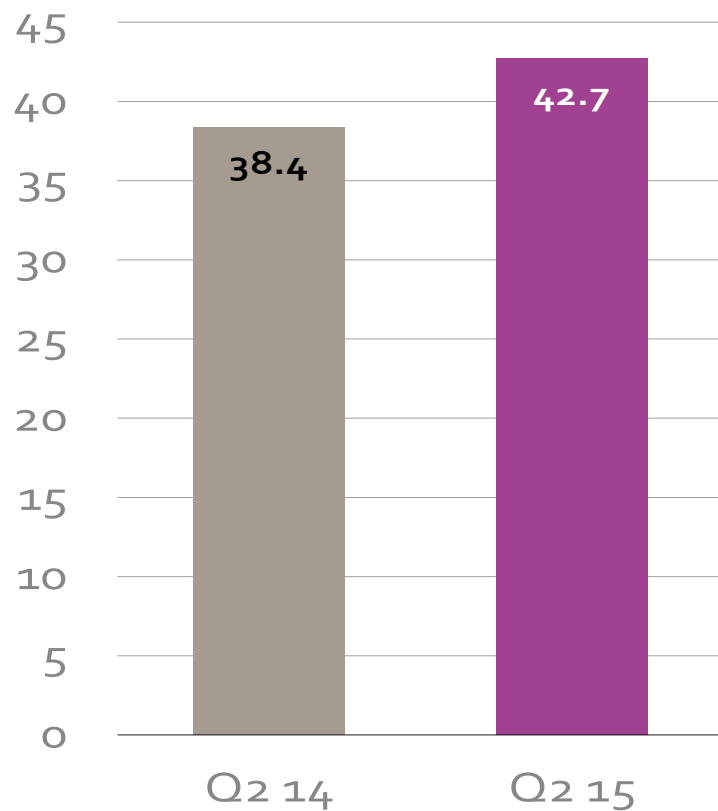
Net debt distribution

	Q2/2015
Financial leasing	67.5
Financial loans	7.5
Commercial papers	2.0
Cash and cash equivalents	-13.6
<b>Total</b>	<b>63.4</b>

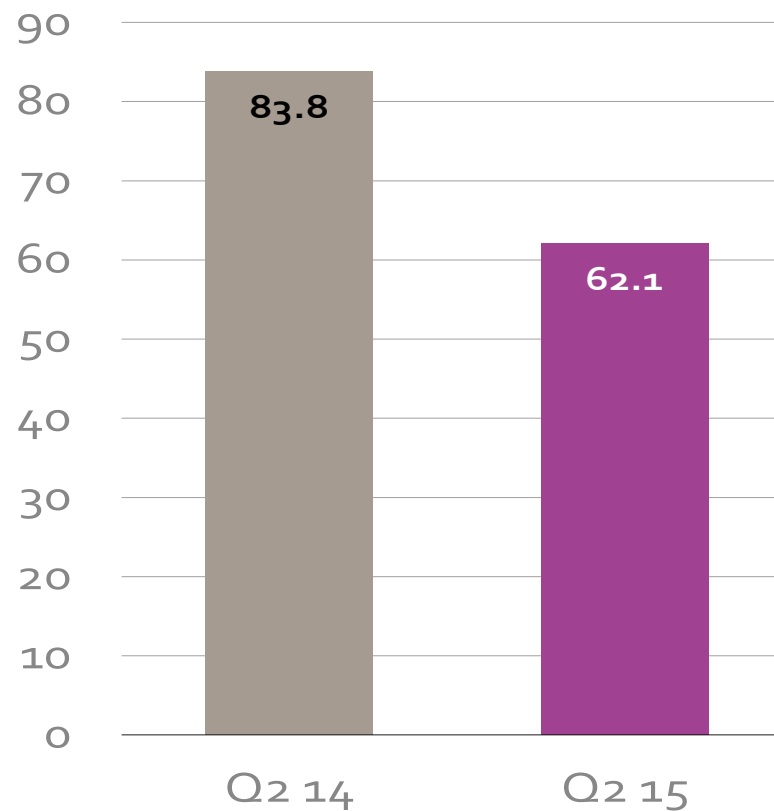
# Key indicators

IFRS

Equity ratio, %



Gearing, %



# Earnings per share and equity per share

